FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,118 | Tuesday September 13 1983 | D 8523 B

France's most painful budget, Page 3

NEWS SUMMARY

GENERAL

U.S. task force strength boosted

SOME 2,000 U.S. marines joined the U.S. task force in Lebanon in a move to strengthen the 5,000 United Nations military presence in and around Beirut. But they stayed offshore.

The U.S. marines, who were already land-based, came under small arms fire from anti-Government Shi-ites.

Diplomatic moves to end the fighting between Druze tribesmen, backed, the Lebanese Government claims, by Syrians and Palestinians, and the Lebanese, are continuing. Saudi Prince Bandar bin Sultan is shuttling between Cyprus and Damascus. Page 20

Canadian television reporter Clark Todd, 38, died in Lebanon after being hit by artillery shrapnel.

French outcry

The election of four members of the far-right French National Front to the town council of Dreux, 55 miles (88 km) west of Paris and with a large North African population, has caused an outcry in France. Page 20

Hamburg sit-in

Workers at Howaldtswerke Deutsche Werft occupied the Hamburg shipyard in protest at the planned redundancy of more than 4,000 workers.

Zimbabwe trial

Ten members of Zimbabwe's Zapu opposition party went on trial charged with attempting a coup to install Joshua Nkomo in power. In Atlanta, Georgia, Premier Robert Mugabe invited black Americans to come to Zimbabwe as teachers.

Aquino inquiry delay

The five-man commission set up by Philippines President Ferdinand Marcos to investigate the killing of opposition leader Benigno Aquino has suspended hearings following challenges to the propriety of Chief Justice Enrique Fernando acting as chairman. Page 4

U.S. consul expelled

The Soviet Union expelled Lon Augustenborg, U.S. vice-consul in Leningrad, alleging that he and his wife had been caught spying.

Infiltration claim

Hundreds of well-trained Communist Party officials have infiltrated West Germany's anti-nuclear movement, alleged a senior Interior Ministry official.

Afghan rebel gains

Afghan guerrillas control the bazaar areas in Khost, Urgun and Jaji, three towns with good road links to Pakistan, say supporters in Pakistan.

Convicts on strike

More than a thousand prisoners in four Italian prisons went on hunger strike demanding penal reforms.

China's husbands

Hasty marriages, bullying husbands and adultery were blamed by a senior official for a significant increase in China's divorce rate.

Briefly . . .

Methane gas explosion killed 63 people at a mine near Vryheid, Natal, South Africa.

Pakistan forces shot dead five anti-Government protesters at a town in Sind province.

Two Picasso paintings were stolen from a Corpus Christi, Texas, museum

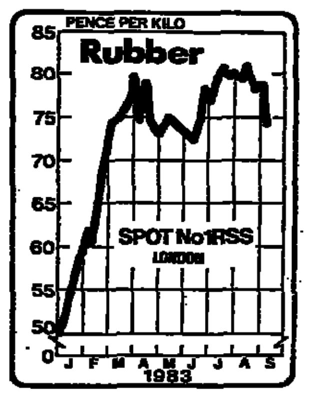
BUSINESS

Saga in $83m sell-off to Statoil

● SAGA PETROLEUM, the Norwegian oil independent, plans to sell its lossmaking petrochemical offshoot Saga Petrokjemi to state-owned Statoil for NKr 621m ($83m). Page 21

● DOLLAR fell to DM 2.6605 (from DM 2.674), FFr 8.0125 (FFr 8.04), SwFr 2.163 (SwFr 2.1705) and Y243.4 (Y244.6). Its Bank of England trade-weighted index fell from 128.6 to 128.3. In New York the dollar closed at DM 2.669; SwFr 2.1732, FFr 8.04 and Y243.85. Page 37

● STERLING rose 95 points to $1.5025, and to DM 4 (DM 3.995), FFr 12.035 (FFr 11.9975), SwFr 3.2525 (SwFr 3.2425) and Y366 (Y365.5). Its trade-weighted index edged up from 84.7 to 84.9. In New York, sterling closed at $1.4965. Page 37



● RUBBER prices fell in London, with the spot quotation down 3p to 74p ($1.11) a kilo, 7.5p below the three-year peak reached last month. Page 36

● LONDON: FT Industrial Ordinary index rose 3.0 to 707.9. Government Securities showed gains averaging more than 1 per cent. Report, FT Share Information Service, Pages 31–33

● GOLD fell $0.25 in London to $414.475. In Frankfurt it rose $1.25 to $416, and in Zurich it went up $2 to $417.5. In New York the Comex September gold settlement closed at $405.3 ($413.5). Page 36

● WALL STREET closed 10.67 down at 1229.07. Full share listings Pages 27-29.

● TOKYO: Nikkei Dow index rose 51.12 to 9355.13, and the Stock Exchange index 3.03 to 687.63. Report, Page 27 Leading prices, other exchanges, Page 30

● AUSTRALIA had an August balance of payments surplus of A$391m (U.S.$342m), compared with an A$117m surplus in July. It was boosted by a net capital inflow of A$956m.

● ZIMBABWE forecasts a 1983 current account deficit of Z$300m-400m ($285m–380m). Page 4

● TAIWAN: Three U.S. companies plan to step up their high-technology investments. Page 6

● SWEDISH unemployment rose to a record 179,000, 4 per cent of the workforce, in August. Page 2

● PHILIPPINES brought in new austerity measures, including restrictions on foreign borrowing and import controls, to conserve foreign exchange.

● CREUSOT-LOIRE, the French engineering major controlled by the private Empain-Scheider group, is expected to decide today on a major restructuring, likely to involve the sale of its steel assets to one or both of the nationalised groups Usinor and Sacilor. Page 21

● NORTHWEST ENERGY shares jumped sharply yesterday in the U.S. following a $820m counter-bid by Tulsa-Based Williams Companies. Page 21

Brazil to accept IMF demands on debt rescue

BY PETER MONTAGNON IN BASLE AND ANDREW WHITLEY IN RIO DE JANEIRO

Brazil is to sign its Letter of Intent to the International Monetary Fund (IMF) this Thursday paving the way for implementation of a multi-billion dollar international debt rescue package, Dr Fritz Leutwiler, president of the Bank for International Settlements (BIS), said in Basle yesterday.

Dr Leutwiler said he was told of Brazil's new deadline last Friday by M Jacques de Larosiere, the IMF Managing Director. The deadline was also confirmed to him by Brazil's finance minister, Sr Ernane Galveas.

In Brasilia the Finance Ministry confirmed last night that Brazil intends to sign the Letter of Intent by Friday, following Wednesday's planned meeting of the key National Monetary Council. Sr Galveas, and Sr Affonso Pastore, the central bank governor, are due to fly back from New York on Tuesday night to attend the meeting.

The long awaited Letter of Intent – setting out controversial new austerity policies for Brazil – is the key condition for a rescue package from governments and commercial bank creditors amounting to up to $11bn.

Brazil's new deadline for signing its Letter of Intent marks a strong contrast with statements last week from senior Brazilian officials who said that there was no urgency for Brazil to reach agreement with the IMF. Dr Leutwiler commented yesterday that Mr de Larosiere had apparently persuaded Brazil otherwise.

Dr Leutwiler also made it clear, following the monthly meeting of BIS governors yesterday, that the BIS will not contribute to the rescue package by extending further bridging finance.

Brazil is behind with payment of $800m in principal to the BIS from its existing $1.45bn loan, granted last winter, though it has been paying interest, he said. "There is no question of extending this loan well into 1984."

At their meeting yesterday, the BIS governors did, however, decide not to press for immediate payment of the $800m now overdue in view of Brazil's "good prospects" of reaching agreement with the Fund, he said.

"The BIS expects repayment at the very moment that Brazil is able to draw on the IMF," he said, adding that he hoped the Fund would speed up its procedures to allow a quick ratification of the Letter of Intent by the IMF's executive board.

Other central bankers said that it is likely to be well into October before this happens, and Brazil can resume drawing on a $4.8bn IMF loan which was blocked in May, when it started missing its loan targets.

This means that Brazil does not currently stand to obtain the badly needed finance to reduce more than $2bn in foreign exchange arrears before the end of this month, when U.S. commercial bank creditors will

Continued on Page 20

Airlines accounts blocked, U.S. Congress and IMF Bill, International supervision tightened up, Page 4

Greece angers EEC partners over airliner

BY JOHN WYLES IN ATHENS

GREECE'S relations with its EEC partners may suffer some lasting damage following its extraordinary refusal yesterday to allow Community foreign ministers to make a joint public condemnation of the Soviet Union for shooting down the South Korean airliner.

Several ministers were visibly angry and frustrated on leaving Athens last night at the conduct of the Greek Foreign Minister, Mr Ioannis Haralambopoulos, the current President of the EEC Council of Ministers at an EEC political co-operation meeting.

They were astonished by his attempt to use his position as chairman to evade any discussion of the airliner incident and then deeply annoyed by his refusal to issue anything but the mildest statement about the affair.

Annoyance turned, in some cases, to rage, when he sought to raise a Greek proposal for a six-month moratorium on Nato's deployment of intermediate-range nuclear weapons in Western Europe. Other EEC governments had already told Athens that the Community was the wrong place for such a discussion, but it proved necessary yesterday for the nine other ministers to repeat their absolute refusal to discuss missile deployment.

"The wrong proposal in the wrong forum at the wrong time," Sir Geoffrey Howe, Britain's Foreign Secretary, was reported as telling his colleagues.

Many officials thought the meeting the most extraordinary in the 13-year history of political co-operation. Member states look to the country occupying the EEC presidency to encourage agreements reflecting the maximum consensus. This sometime requires the presiding country to adapt its own policy, and it is unheard of for the presidency to block a major declaration desired by all other partners.

In the event, the statement issued by the ten spoke only of their "deep emotion" at the destruction of the airliner and made no mention of the Soviet Union. It urged a "thorough investigation" of the affair by the International Civil Aviation Organisation (ICAO), and supported proposals which France will put to an ICAO meeting, starting in Montreal on Thursday, aimed at avoiding any possible recurrence of the tragedy.

Both Sir Geoffrey Howe and his French colleague, M Claude Cheysson, were at pains to emphasise that the statement did not go as far as they wished, and that they and their governments were already on record as condemning the Soviet Union in the strongest possible terms. "When we speak as Ten, we can only use the terms of the weakest," added M Cheysson laconically.

The West German minister, Herr Hans Dietrich Genscher, who was the first to demand a discussion and EEC declaration of the affair, pointedly left the meeting early. Earlier, he told Mr Haralambopoulos that public opinion would be confounded if Community foreign ministers have nothing to say about the Soviet action just five days after the angry confrontations between ministers from East and West in Madrid last week.

Discussion on other topics proved calmer, but Mr Haralambopoulos jolted his colleagues at the start of the meeting by urging them to adopt a softer approach to Poland, now that martial law had been lifted.

His colleagues' reactions were firmly opposed, with several ministers arguing that new laws were proving just as repressive for the Polish people and that more evidence of a genuine dialogue between government and people was needed before political and economic relations with Poland could be normalised. They confirmed, however, that talks on rescheduling Poland's official debt to Western countries would be getting under way.

On the Middle East, a proposal for a Greek fact-finding mission to the area was squashed by other ministers.

Greek belt-tightening, Page 2; Revised pilots tapes, Page 4

Olivetti close to joint venture

BY PAUL BETTS IN PARIS

CIT-ALCATEL of France and Olivetti of Italy are expected to sign soon an industrial and marketing agreement to develop jointly a new electronic typewriter.

The French company, the leading French telecommunications manufacturer controlled by the nationalised CGE group, has been negotiating joint venture possibilities with the Italian electronics company for several months. M Georges Pebereau, president of Cit-Alcatel, confirmed earlier this year that his company was talking with Olivetti on possible joint ventures.

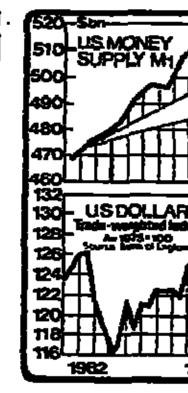
The electronic typewriter deal is expected to be signed in the next few days and is likely to form part of the issues which Sig Bettino Craxi, the Italian Prime Minister, will raise during his visit to Paris later this week. Sig Craxi arrives in Paris tomorrow.

Industry sources in Paris were, however, unable to quantify the value of the venture. But they suggested that the electronic typewriters would be produced at a new facility in France.

The joint electronic typewriter venture hinges on negotiations between Olivetti and the French Government, which through nationalised French companies controls 33 per cent of the Italian electronics group. The shareholdings include a 25 per cent stake owned by Bull, the computer company, and 8 per cent by Saint-Gobain, the diversified glassmaker. CGE is now expected to take over a large part of Bull's Olivetti stake and Saint-Gobain's 8 per cent shareholding.

But Olivetti is understood to want the French Government to reduce its stake in the Italian company.

Sig Carlo de Benedetti, Olivetti's chairman and a champion of private enterprise in Italy, has felt uncomfortable with the size of the French Government's stake in his group.



London scents interest rate cut

By Max Wilkinson, Economics Correspondent, in London

THE LONDON government securities market responded with a burst of optimism yesterday to the unexpectedly sharp fall in the U.S. money supply announced on Friday.

The $2bn fall in the U.S. M1 (the narrow measure of money) prompted early buying of gilts in London as traders scented easier interest rates on both sides of the Atlantic.

Prices rose by up to £2 and the 0.84 rise in the FT Government Securities Index to 80.82 was the sharpest since early April.

The Bank of England took the opportunity to announce a new £1bn short-dated tap stock, partly because its £300m tranche of 12 per cent 1995 Treasury stock was exhausted in early trading.

The new tap stock – 10 per cent Treasury 1987 – will require only 20 per cent down payment on tender, indicating that the Bank is now very relaxed about its funding programme.

A further 40 per cent will be payable on October 17, with the balance on November 14. The minimum tender price has been set at £97 per £100 of stock.

The gilt-edged market's view that lower interest rates may be in prospect found only a weak echo in the London money markets, where interest rates fell by amounts ranging from ⅛ to 1/16 of a percentage point, with the 3-month interbank rate closing at 9 15/16 per cent, 1/16 of a point down since Friday and the 3-month Eurodollar interest rate at 9 15/16.

The foreign exchange markets reflected the same general mood, marking the dollar down by 1 pfennig to a closing price in London of DM 2.6605.

The pound also rose against the dollar, gaining 1 cent since Friday's London close to $1.503

Lex, Page 20; Money Markets, Page 37

Oil stock rise supports Opec output quota

BY RICHARD JOHNS IN LONDON

THE BUILD-UP of oil stocks in the industrialised countries during the July-September period is likely to be higher than for any quarter in the past three years, according to the latest calculations of the International Energy Agency (IEA).

The IEA's preliminary estimates should give added strength to those voices in the Organisation of Petroleum Exporting Countries (Opec) calling for a retention of the present ceiling on collective production of 17.5m barrels a day (b/d) until the end of the year.

According to the preliminary estimates, supplies, including net exports from the communist world, could have exceeded demand of 42.3m b/d by as much as 2.3m b/d.

The IEA calculates that the actual build-up of stocks on land in member states of the Organisation for Economic Co-operation and Development (OECD) during the third quarter of this year may amount to 1.2m b/d.

The IEA believes there has been some increase in stocks outside the OECD and the volume of oil at sea may have been as much as 500,000 b/d "in line with Opec production."

Opec's experts will probably reach a broadly similar conclusion before Thursday's meeting in Vienna of the Opec ministerial marketing committee under the chairmanship of Dr Mana Said al Otaiba, the United Arab Emirates' Oil Minister.

Such findings are bound to intensify the opposition of those member states opposed to any lifting of the ceiling on Opec production formally in force since April but likely to be exceeded during the third quarter by as much as 1m b/d.

The IEA's latest assessment is that Opec output for the quarter now coming to a close will be 18m b/d – not including 900,000 b/d of natural gas liquids. The latest issue of the well-informed Petroleum Intelligence Weekly says its calculations show Opec production "likely to average around 18.5m b/d."

For the fourth quarter the IEA foresees total non-Communist demand for oil running at 45.7m b/d and the supplies from non-Opec sources running at 25.7m b/d. The exact amount of the additional requirement from Opec will depend on the rate at which inventories are run down after the surge of output during the past three months. The total will include about 900,000 b/d of natural gas liquids associated with Opec output but not included

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A new era for North Sea oil, Page 18

Upheaval likely over UK market changes

BY JOHN MOORE IN LONDON

THE London Stock Exchange has completed plans which will pave the way for outsiders to participate in the regulation of its affairs in one of the biggest constitutional upheavals in the history of the market.

The changes form part of a package of proposals agreed between the Stock Exchange and the British Government in return for exemption for the Stock Exchange from legal action under restrictive practice laws. They will be outlined in detail later this week in a letter to members.

Under the expected proposals a maximum of 25 per cent of the market's ruling council could be formed of members drawn from outside the Stock Exchange. The Stock Exchange will need to agree the number and method of their selection with the Bank of England.

A new appeal body is to be established, independent of Stock Exchange members of the council. If the council were to reject an applicant for membership who fulfilled the requirements of the market's rules, the appeal body could review the decision and overrule it. This body will include lay members of the council and Stock Exchange members of the council will not be eligible.

The changes will also introduce people who are not members to the Stock Exchange's existing appeals committee on disciplinary matters so that they will represent a majority on the committee.

These reforms require amendment to the Stock Exchange's principle constitutional document, the deed of settlement, and resolutions

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EUROPEAN NEWS

Italy moves to shake up chaotic pensions system

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government of Sig Bettino Craxi, the Socialist Prime Minister, last night made its first moves to tackle the country's economic difficulties by examining draft proposals for a partial re-opening of the chaotic existing pensions system here.

Measures to reduce the deficit of the state pensions organisations INPS are essential if the new administration is to make headway in its proclaimed goal of holding next year's public sector deficit to L80,000bn (£33.3bn) instead of the L120,000bn it would reach on the basis of unchanged policies.

The authorities already are resigned to the 1983 deficit climbing to un unprecedented L90,000bn.

Because of a largely unregulated disbursement of disability and retirement pensions, INPS is reckoning on a deficit of L12,000bn in 1983 and one of L18,000bn next year if nothing is done.

The accumulated deficit could top L50,000bn by that time, placing a colossal extra burden on the state in terms of debt interest payments alone.

The measures under study by the Government yesterday

Sig Gianni de Michelis

would concern, it is estimated, some 8m pensioners, and help save the state between L4,000bn and L5,000bn in a full year.

The two main ones would abolish disability pensions for people who already have a monthly income of L900,000 (£377), and remove "topping-up" retirement pensions from the state if the recipient already has a notional "minimum income" of at least L600,000 (£251) a month.

The onus will be placed on existing pensioners to declare their true incomes to local pensions offices. In this way, it is hoped, the first overhaul will be made of a system whereby in some cases the same individual can receive four or five *separate pensions.*

Such discrepancies are believed to be particularly widespread in Southern Italy.

Once approved, the draft proposals are expected to be issues as decrees, then incorporated into the Government's 1984 Finance Bill. They have already won broad approval in principle in the discussions which Sig Gianni De Michelis, the Labour Minister, has been conducting with industry and unions in recent days.

Under the constitution, the Finance Bill has to be placed before Parliament for approval by September 30. The Government has already signalled its intention of doing its best to clear the decks so that the Bill can be approved by the end of this year.

Sweden's jobless rate hits new peak

By Kevin Done, Nordic Correspondent, in Stockholm

UNEMPLOYMENT IN Sweden rose to a new peak in August with 4 per cent of the workforce without a job. Pressure is growing from the trade unions for extra government measures to create more employment.

Last month 179,000 were out of work, the highest-ever monthly level. In addition to "official unemployment" a further 117,300 people were taking part in various job creation programmes outside the main labour market.

Calls from the unions for extra state spending to cut unemployment are embarrassing the government at a time when it is preparing a tight budget for next year, with the aim of slowing growth in the massive central government budget deficit.

Unemployment remains a major problem for the Social Democrat administration, despite the fact that it is enjoying considerable success in other parts of the economy, with Swedish industry succeeding in winning back lost shares in international trade.

Exports grew 11 per cent in volume in the first half of 1983 compared with a volume increase of only 3 per cent in imports. Sweden showed a trade surplus of SKr 9.9bn (*£836m*) *in the first* six months compared with a surplus of only SKr 3.1bn in the corresponding period last year.

Hopes rise over rig

Salvage officials said yesterday they had high hopes of righting the Norwegian accommodation rig Alexander Kielland, which capsized in a North Sea storm in March, 1980, Reuter reports. By noon yesterday, the 10,000-tonne rig had been righted 145 degrees.

Belgian train strike

Most of Belgium was without train services yesterday as railway workers struck to protest at planned cuts in benefits and wages, AP reports from Brussels. Officials said the strike, which spread as unions endorsed stoppages in Wallonia, may last for several more days.

Greece drops generous pay policy

BY DAVID TONGE IN ATHENS

THE GREEK Government last night formally buried the expansionary wage policy which had characterised its initial period in office.

Two days after cutting its real GNY growth forecast for 1983 from 2 to around zero per cent, it announced a partial indexation of wages which should result in a 4 to 5 per cent fall in real earnings this year.

The announcement by the Ministry of National Economy said that wages would be increased by 10.2 per cent as from September 1. Although some employees have built-in seniority increases, this is the first rise allowed to most workers this year when inflation has been running at around 20 per cent.

The move represents a firm attempt by the Socialist Government of Dr Andreas Papandreou to offset the 6 per cent increase in real earnings it allowed in 1982, its first year in office.

The move also comes after Dr Papandreou had opened the International Fair in Salonika with a sombre speech saying: "We do not claim we have solved the problems of the Greek economy. That would have been practically impossible."

He predicted that Greece's current account deficit for 1983 would be similar to the $1.9bn (£422m) recorded in 1982.

His speech has been widely interpreted as representing the offering of a major olive branch to Greek industrialists who have been disturbed by inconsistencies in government policy and by such moves as the recent law appointing workers' supervisory councils in the mining sector.

At the same time as Dr Papandreou was stressing the place for private initiatives, party officials were leaking stories about possible impending prosecutions of some of the major industrialists in the country.

The Government has now clearly set the battle against inflation as one of its main targets.

Dutch closer to lower pay for shorter week

BY WALTER ELLIS IN AMSTERDAM

FURTHER evidence that the Netherlands is moving ineluctably towards a shorter working week and proportionately lower pay came yesterday with a statement from the FNV, largest of the Dutch trade union federations, that employees must be prepared to accept the costs of reducing working time as the price for creating new jobs.

FNV has been slowly moving towards this policy for some months. Yesterday, however, at a conference in Amersfoort between union leaders and members of Parliament, it was laid down as official policy. "A clear agreement has got to be laid down," the union said.

Such an agreement would mean in practice the acceptance by workers of lower wages and higher social security premiums. *In the Netherlands,* employers at present pay between 25 and 33 per cent of social security premiums, with employees paying the rest.

A short working week would mean that wages would drop, and with them the wage-related contributions. In order to maintain the same level of benefits — budget adjustments aside — workers are being asked by the Government to accept more of the burden themselves.

The FNV, in agreeing to this, is moving far beyond its normal negotiating parameters and is clearly making an enormous effort to co-operate with the state. The reason is unemployment.

More than 800,000 people, representing an estimated 17.5 per cent of the workforce between 16 and 65, are now unemployed in Holland. This is the highest percentage in the European Community. Belgium, with 14.8 per cent, is next, and Britain stands as 12.3 per cent, and the deterioration, though slowing, is far from ended.

The Organisation for Economic Co-operation and Development (OECD) expects the total next year to exceed 1m.

The Government, in a bid to do something without abandoning its principles of putting industrial recovery and steps to curb inflation first, decided early this year that a graduated reduction in the average working week from 40 hours to 36 would create a partial jobs vacuum into which new workers could rush.

The unions were extremely sceptical at first, but have since come round to this view. Their main worry remains that the new jobs will prove an illusion, while the pay cuts will be all too real.

A report from the Dutch Institute for medium-sized and small businesses reported in July that up to 120,000 new jobs could be created by a 5 per cent cut in the length of the working week.

Agreements to this specific end have been signed between employers and workers in a number of sectors, including the banks and printing. But fears still exist that companies generally will not start filling the jobs gap until the recession lifts, when they would have taken on more staff anyway.

The industry section of the FNV is certainly wary of being asked to pay before the goods are clearly on the table. It spoke independently yesterday of the danger of workers being asked to pay a double penalty —less wages and higher social premiums. "Too much of a good thing," was its verdict.

Seveso accepts compensation for dioxin

SEVESO — the north Italian town which suffered contamination by dioxin seven years ago, has decided to accept a SwFr 15m (£4.6m) compensation offer.

City officials said mayor Giuseppe Cassina would meet Givaudan Chemical Company representatives in Lausanne soon to agree the deal.

The commune of Seveso, near Milan, and about 200 people have been demanding compensation from Givaudan in civil court proceedings

Givaudan, a subsidiary of the giant Hoffman-Laroche group, has already paid out L103bn (about £50m) in compensation to the Lombardy region and the Italian state, plus smaller amounts to other local authorities and 25,000 people affected by one of Italy's worst pollution disasters.

Reuter

Workers occupy Hamburg shipyard in cuts protest

BY JONATHAN CARR IN BONN

THE UNREST in the West German shipbuilding industry reached a new climax yesterday when workers protesting against planned cutbacks occupied one of the country's most famous shipyards.

The action at Howaldswerke-Deutsche Werft (HDW) in Hamburg came after a weekend meeting at which the Bonn Government again ruled out export aid from public funds for the shipbuilders.

Several thousand HDW workers marched through the city waving banners and demanding that the company drop its scheme to close its new shipbuilding activities in Hamburg. The action would mean the loss of more than 2,000 of HDW's 4,000 Hamburg jobs.

Later, the workers occupied the yard "for several days" and resolved to send a delegation to Bonn to press their case with the Government.

Only about 10 days ago, thousands of shipbuilding workers in nearby Bremen demonstrated against a planned merger between three local companies, meaning the loss of at least 1,500 jobs.

The schemes for mergers and closure follow a new slump in orders — by around 50 per cent in real terms in the first half year — in an industry long facing severe foreign competition.

Bonn has provided some aid already but further aid will be dependent on agreement by the companies themselves, and the coastal states, on practical rationalisation plans.

London, Paris reject Hague call on missiles

BY OUR AMSTERDAM CORRESPONDENT

A CALL by the Dutch Parliament for British and French nuclear weapons to be included in the East-West Strategic Arms Reduction Talks (Start), has drawn angry retorts from London and Paris.

The UK and French embassies in The Hague both issued weekend statements in which the suggestion was rejected as "unacceptable."

A resolution by the Netherlands' Second Chamber last week referred to the conviction of MPs that there was "a major difference of opinion" in the Geneva talks about the question of British and French nuclear missiles.

It called on the Dutch Government "to urge the U.S. and the other allies at an early date that the presence of the British and French nuclear forces be taken into account in some way or other, either in the negotiations of medium-range missiles or in those on strategic weapons."

The British reply said that it had been agreed within Nato ever since 1978 that the nuclear weapons of third countries should not be included or taken into account in negotiations between Washington and Moscow.

"It is clear," the statement added, "that the Soviet Union is trying to use the issue of British and French systems as a means of preserving a total monopoly of longer-range intermediate missiles in Europe and excluding U.S. weapons of this type.

"This remains unacceptable to the alliance as quite incompatible with security and East-West stability."

For its part, France said that "inclusion of the French nuclear forces in the negotiations on medium-range missiles is unacceptable."

It added: "inclusion of the French nuclear forces at Geneva would, moreover, place the French nuclear forces on a par with only the intermediate-range Soviet nuclear forces, which is absurd, since French forces serve to confront the entirety of threats to France, which are as diverse as they are numerous."

Mr Hans Van Den Broek, the Dutch Foreign Minister, had said prior to the issuing of the two statements that he would raise Parliament's request with his Nato colleagues to see if it was possible for the UK and French nuclear arsenals to be included in the Start talks.

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Pressure grows for land reform in south Spain

BY TOM BURNS IN MADRID

SIMULTANEOUS mobilisations by Communist and anarchist orientated peasant unions in Southern Spain are placing growing pressure on the Socialist-controlled regional government, the Junta de Andalusia, which is this week putting finishing touches to a draft agrarian reform law.

The Communist-led agricultural workers' commissions yesterday completed the eight day of a projected 900-mile, 40-day march through 62 small towns and villages in Andalusia to press for reforms.

Organisers of the protest, which has some 70 permanent marchers, claim well-attended meetings and broad-based support for Communist plans to break up large landholdings.

A rival and smaller union, the agrarian workers' syndicate, (SOC) yesterday issued a radical manifesto at the end of a three-day congress in the village of Marinaleda, in the province of Seville, attended by 200 delegates.

The SOC, which has spearheaded land occupations and hunger strikes in the Marinaleda area over the past years, has its roots in the once-powerful anarchist tradition of Andalusia. The manifesto called for the common ownership of land which it terms "a public utility".

The mobilisations are more extensive than in previous years and are timed to coincide with the Andalusia Junta's proposed legislation on the emotive agrarian reform issue.

Communist and SOC leaders accused the Socialist regional government of drafting a lukewarm bill that will seek *principally* to transfer the management of state properties from Madrid to the Junta's agricultural department.

Left-wing critics of the regional government used statistics to show that 50 per cent of productive land in Andalusia belongs to 2 per cent of the property holders in the agricultural census. Seasonal unemployment in Southern Spain is estimated to affect some 160,000 landless labourers.

Soares acts to fend off threat of 'hot autumn'

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government is taking steps to assert its authority in the face of Communist threats of a "hot autumn."

Plans of Sr Mario Soares' Socialist-Social Democrat coalition to retrench public spending will drastically increase unemployment, ending long overmanning in the public sector where tens of thousands of unnecessary jobs have been artificially-subsidised.

Omens of mass redundancies have led Sr Alvaro Cunhal, the Communist leader, to threaten the Government with widespread destabilisation.

The administration has responded with warnings of imprisonment for anyone who tries to prevent proper functioning of public transport or public services, or blocks roads, or attempts to coerce officials and endanger legitimate interests.

Attempts to disrupt public transport—like the blocking of railway lines by glass workers on strike in the Marinha Grande area to the north—will be punished by 10 years in jail.

Locking management in their offices—which striking workers at the Lisnave ship repair yards repeatedly did for days at a time during the last Government, will also incur 10 years' jail.

Violent attempts to stop officials or employees from carrying out their tasks will bring three years in jail.

The Soares Government's pre-emptive move against possible trouble follows a long stretch when workers pursuing their claims could keep up disruption for days before action was taken.

Turkey's President promises democracy

By Our Ankara correspondent

TURKEY ended its third year under military rule yesterday with a fresh pledge from President Kenan Evren that parliamentary democracy will be restored after the general elections in November.

The President's televised address was almost the only public recognition given to the anniversary which, contrary to some predictions, has not been made into a public holiday.

In his message to the nation, the President stressed the contrast between the calm presently prevailing in Turkey and conditions which caused the army to step in three years ago.

A substantial part of his speech went to answering claims by unnamed critics who said that the coup was not necessary or that the army had deliberately allowed conditions in Turkey to worsen so that it would have an excuse for taking power.

This was a clear reference to the banished conservative former Prime Minister, Mr Suleyman Demirel, who has often made such accusations in private against the military.

President Evren listed 10 questions for these people to answer which included: "You left Parliament deadlocked for six months and didn't produce one single law. What would you have done with another six months?"

He also claimed that international criticism of Turkey's military was incited by various "circles of traitors" working through the world's press for ideological ends.

"No country in the world has had such a gentle military administration as Turkey" he said. "A lot of people visiting Turkey from other countries do not even realize that it has a military administration."

There was relatively little reaction elsewhere to the anniversary. Turks will probably take many years to adjust to the profound changes it has made to their legal system and institutions, mostly in the direction of ensuring greater uniformity and central control.

The military has passed 581 laws since it took power, and a new constitution was brought in last year. The coming general elections will be the first to be held for a smaller unicameral parliament under new political parties and electoral legislation.

The pre-coup political parties have all been banned and the majority of former politicians are banned from resuming activity for periods of between five and 10 years.

The flavour of some of the new legislation introduced in the final weeks before the run-up to the general elections may be symbolised by a law introduced last week which gives all Turks numbers and allows information about them to be kept in a national databank.

However, the military has also allowed two potential sources of opposion to come into being in the last few days. The Correct Way Party which is largely made up of followers of Mr Demirel, and the Social Democracy Party have finally had their quotas of founder-members approved by the military.

They will not be allowed to contest the November elections

Italy steel-mill producer sees bright future

By James Buxton in Buttrio

DANIELI, Italy's leading steel mini-mill maker, has underlined its assertion that there is still considerable growth in this sector of the industry by increasing profits by 44 per cent.

The parent company's profits rose to L10.1bn ($6.33m) for the year ended June 30, 1983, from $7bn the previous financial year. Sales rose 16 per cent to L155.7bn and cash flow was up 50 per cent to L15bn.

The company, based at Buttrio, near Udine, in north-east Italy, designs and builds steel mini-mills and direct reduction plants in Western and Eastern Europe, the Soviet Union, the U.S. and in developing countries.

It believes it could benefit from the renewal of the European and U.S. steel industry, which it thinks will concentrate on small, flexible and energy-efficient plants to replace the vast integrated complexes of the past.

Danieli says the U.S. industry, which has a particularly high proportion of obsolete steelmarking plant, is now realising the need to replace it and could present a market worth L20bn in mini-mill construction alone.

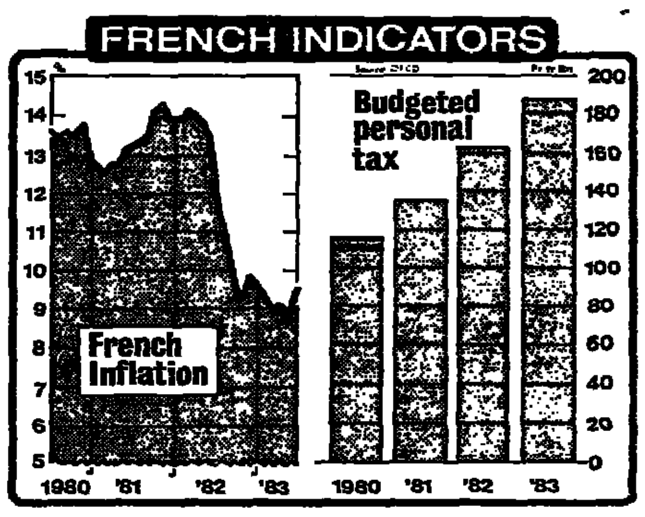
Europe, the company says, has been slower reaching that conclusion, though in Italy, where the renewal of public sector steel plant had virtually stopped, Danieli claims to be "comforted" by obtaining its first three orders from the state sector in the past year.

Danieli's order book at the end of June stood at L180bn, substantially less than the previous year when it was L260bn because of the partial completion of work on a big contract for a mill in the Soviet Union.

All summer the battle of the French budget raged. **David Housego** predicts the outcome

Mauroy emerges a cut above Delors

IT WOULD be hard to imagine a French post-war budget constructed with more pain than the one which M Jacques Delors, the Finance Minister, will put before the Cabinet tomorrow.



The French economy is moving into a period of recession with the prospect of little or no growth over the next two years. Nonetheless, some expenditure will go up. The Socialists have managed to halve the rate of annual increase in social security spending in recent years for instance, but it will still rise by some 3 per cent in real terms. Even with no increase in benefits, that means an additional cost of FFr 20bn (£1.6bn) a year.

The sharp rise in Government debt which flowed from the Socialists' initial expansion of the economy has now produced a sharp increase in the cost of debt service. With interest rates in France still over 13 per cent on Government paper, servicing costs on state debt have last year. If the local authorities' debt is included, then interest repayments have climbed to about FFr 100bn this year from FFr 53bn in 1980.

Tax receipts, by contrast, have fallen with the recession. The loss of revenue next year as a result will be about FFr 10-15bn. Under a quirk of the French system, tax receipts for 1984 are based on returns for 1983, when the dip in economic activity is likely to be sharpest.

The Government's back is firmly against the wall. Its most difficult problem is to work out how to stick to President Francois Mitterrand's objective of limiting the budget deficit to 3 per cent of gross national product, the equivalent of FFr 125bn. President Mitterrand has now pinned his name so firmly to the 3 per cent figure that any overshoot would revive pressure on the franc.

M Delor's central gamble in the budget calculations is whether or not he can limit the overall increase in expenditure to 6.5 per cent. This depends on bringing down the rate of inflation next year to 5 per cent from its current level of around 9 per cent.

To achieve this, he must ensure that the increase in civil servants' and teachers' salaries next year (some 40 per cent of the budget) is held to 5 per cent and hope that the Government will pick up other savings (lower interest rates, for instance) from the pursuit of disinflationary policies.

M Delors still has to find FFr 40bn to keep the deficit within the 3 per cent ceiling and debate has raged all summer long within the Socialist party and the Government on where the funds will come from.

M Delors initially argued for a straight 2 per cent tax increase assessed on all incomes, because he believes that the marginal rates in France on managers and the higher paid are now unduly discouraging. He was howled down by the radicals in the Socialist Party on the grounds that the tax would hit the poor as much as the rich.

The radicals sought to put the burden on the rich through higher income tax and additional levies on wealth, and found considerable support from M Pierre Mauroy, the Prime Minister. M Delors then returned to the attack, proposing fresh cuts in public expenditure. His fear is that if European economies including France remain in a rut next year he will have no leeway to meet increased expenditure demands.

The compromise agreed works out in M Mauroy's favour. Of the FFr 40bn needed, some FFr 15bn is to come mainly from a new surtax and an increase in death duties: FFr 10bn from carrying forward the "exceptional" 1 per cent tax on incomes imposed in March as part of the first devaluation measures: FFr 10bn from an increase in pension contributions: and some FFr 5bn from further cuts in spending.

The Government has saved some of its priority programmes—research, the newly nationalised industries, and training—all of which will benefit from much higher boosts in spending than the 6.5 per cent ceiling. But investment in the modernisation of industry, a major Socialist objective, will this year be 15 per cent below the average for the years 1976-80. Investment by the main state corporations like the railways, and the electricity industry will be down 5 per cent in real terms. Tax concessions for industry have also gone by the board.

The fresh increases in taxation next year will push France close to the limit of public tolerance. The French will next year be paying in tax and social security contributions as a proportion of GNP some 45 per cent, considerably higher than the 40 per cent in Britain or the 37 per cent in West Germany.

Those on middle to high incomes have seen their tax bill rise by between 30 and 50 per cent over the last two years. M Rene Monory, the former Minister of the Economy, warned on Sunday night of the risk of a "tax revolt." Even M Gilbert Trigano, head of Club Mediterranee, and the man designated by President Mitterrand to organise the now aborted World Exhibition in Paris in 1989 has been complaining.

He said: "In two years my income has increased 30 per cent but I pay 50 per cent more in taxes." But he added that he was not discouraged.

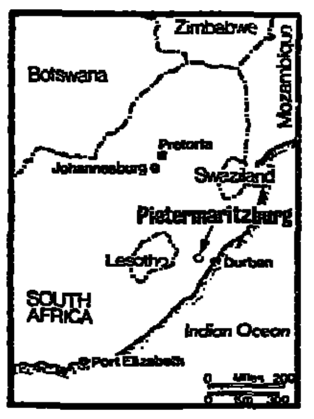
The budget will further tighten the deflationary squeeze on the economy, in line with the government's goal of depressing demand so as to reduce imports. It plans to bring the trade deficit back into balance by the end of next year, but faces the risk that the economy will be pushed deeper into recession that it wants.

M Delors believes that he will have more room for manoeuvre when preparing the budgets of 1985-86, when gains could come on two fronts. The first would be from an increase in the rate of growth which would push up Government receipts. The second would be from a fall in the inflation rate, which should cut interest rate, the debt servicing burden and the cost to the Government of subsidising domestic credit rates. [Because French interest rates are more than double those of West Germany the Government spends between FFr 30bn and FFr 40bn a year in subsidising a host of domestic credit rates of benefit to exporters, industry and housing among others.] A sharp decline in rates would provide painless and substantial cuts in expenditure.

The 3 per cent goal for the budget deficit depends on the industrialised economies achieving growth rates of about 3 per cent. But M Delors would not follow the British and West German examples of continuing to prune the French deficit if the recession was more prolonged and the result of further cuts would be to exacerbate it still further.

If for no other reason, the Government has an election timetable in mind. In 1986 the Socialists will be defending their majority in the National Assembly. Well before then, it will want a revival of economic activity.

If the inflation rate has improved by the end of next year and the trade figures are back in balance, the government will have more opportunity to reflate. But at this stage it can only keep its fingers crossed.



S. African industry charmed by the best of both worlds

By J. D. F. Jones in Johannesburg

PIETERMARITZBURG has *an old-fashioned image.* It is full of Natal's historic buildings, the battlefields of the Boer War are within easy reach for the tourist, and the Union Jack flies over the Victoria Club. The city was not amused to find itself the setting for Tom Sharpe's scabrous early novels.

But Maritzburg, for short, has recently leapt into the 20th century. Responding to South Africa's major nationwide industrial development programme, it has decided to demonstrate that investors need not always flock to the district which enjoys the richest incentives from Pretoria.

Incentives are graded in line with a region's poverty, but also to reflect the need to create jobs for the local (black) population, which would otherwise be forced into the (white) urban areas.

Thus, poverty-ridden rural "*homelands,*" such as Ciskei, have been granted dramatic incentives for new industry—for example, a R110 (£65) per month cash rebate on wages. Areas of less urgency, like Martizburg, were classed as "deconcentration points," with the intention of drawing away new industry from nearby metropolitan areas (in this case Durban), and allowed only a R25 per month rebate.

The idea, no doubt, was to make industry an offer it couldn't refuse to move out into remoter areas. But the Development Regions are in many *cases too remote, too* rural, and despite some modest local successes—for example in Bophuthatswana and Ciskei—the programme is an overall failure nationwide.

Maritzburg, on the other hand, sees itself as offering the best of both worlds, not too remote yet not overcrowded. The result of this thinking has been an impressive influx of new businesses, national and international, in the last couple of years.

Before that, the city's industry had gone through eight years of semi-stagnation *after Maritzburg lost what* were then called "border area" privileges in 1971. But a get-up-and-go team of councillors and officials, led by a formidable Mayoress named Pamela Reid, then set out to put matters right.

The result is that in the past two years, 50 industrial developments have been concluded, involving the sale of 90 hectares of industrial land inside the city boundaries (16 hectares of this to overseas companies), bringing the creation of 4,000 jobs.

The reasons for this success are not hard to analyse:

● Just outside the city limits is a segment of the self-governing but non-independent "homeland" of Kwazulu, where the Edendale Valley is reckoned to contain a labour pool of 250,000 blacks who can "commute" by bus into Maritzburg's industrial areas *every morning. Equally im*portantly, Maritzburg can claim to have a full range of skills available in its labour force: white, Indian, black, managerial, semi-skilled and unskilled. *It is therefore tend*ing to attract the semi-sophisticated new industries, whereas the more remote development areas, for all their extra incentives, offer only unskilled labour.

● Proximity to the coast and to Durban's port (45 miles away) is an obvious attraction, as is the fact that Maritzburg is a beautiful university town, attractive to managers and *their families.*

● There are no problems with infrastructure. The Johannesburg metropolitan area is accessible from Maritzburg by motorway and railway. The authorities have been active in preparing industrial sites.

So far the momentum has been strong. Natal Nylon Industries' works with Belgian finance, is nearing completion and will bring 500 jobs, joining other internationally funded operations such as Scottish Cables and Van Leer SA; several more are in the planners' pipeline.

But although the pace may start to slacken as the recession bites more deeply in South Africa, the activity on the industrial estates suggests that Maritzburg will not be going back to sleep again.

Zimbabwe forecasts lower deficit

BY QUENTIN PEEL, AFRICA EDITOR

A COMBINATION of drought and lack of demand for mineral exports is likely to result in a current account deficit in Zimbabwe of Z$300m-400m (£190m-£250m) this year, according to Dr Bernard Chidzero, the Minister of Finance.

The shortfall would represent, however, an improvement on the Z$530m (£337m) current account deficit recorded last *year, and Dr Chidzero expected* a further recovery in 1984 as exports picked up.

However, a major factor in the improved current account position this year is likely to be substantial cuts in imports, which have forced many sectors of manufacturing industry to cut back production capacity.

Dr Chidzero, who was speaking in Dublin before his departure for the U.S. with Mr Robert Mugabe, the Prime Minister, said the effects of the present foreign exchange crisis had been mitigated by the current International Monetary Fund programme.

ANY ATTEMPT by Britain to force Zimbabwe to release detainees by cutting aid would be a "colossal mistake," Dr Bernard Chidzero, the Zimbabwe Minister of Finance, said. Indirect statements to that effect had been made in relation to the continued detention of four former Zimbabwe air force officers acquitted on sabotage charges, he said.

"We greatly appreciate the aid which the British have given, but if they really think that by cutting down on aid they will coerce us, then they are making a very serious mistake."

Zimbabwe has so far drawn some US$160m out of total credits of SDR 356.1m (US$339.2m).

He said the drought had not only cut production of traditional export crops such as maize and cotton, but had also forced the country to import more wheat. Mineral exports had fallen in both volume and value, and Zimbabwe was having to finance substantial stockpiles until world markets recovered.

However, he said there were already "fairly good" orders for minerals and tobacco in 1984, and the foreign exchange position would improve.

Dr Chidzero said his Government was following a flexible exchange rate policy, with the *Zimbabwe dollar now tied to a* trade-weighted basket of currencies which has resulted in a total devaluation against the dollar of some 30 per cent over the past year.

Begin told to rest

By David Lennon in Tel Aviv

MR MENAHEM BEGIN, who is expected formally to tender his resignation as Israeli Premier to President Chaim Herzog any day now, has been ordered to rest at home by his doctors.

The outgoing Prime Minister did not attend Sunday's Cabinet meeting, and yesterday stayed away from his office. His aides deny that his health has taken a turn for the worse, and insist that he is merely resting.

In recent months Mr Begin has appeared unwell and withdrawn, taking little interest in the events around him. However, he has not been hospitalised despite a record of heart trouble.

His recent poor performance *has generally* been attributed to depression brought on by the Israeli casualties in Lebanon and the death of his wife last November.

Shifting forces in Congress 'could kill IMF Bill'

BY OUR WASHINGTON STAFF

THE U.S. Congress reconvened yesterday after a summer recess in which events have sharply altered the political background for major legislative battles due in the next few weeks on the $8.4bn (£5.6bn) U.S. contribution to the *International* Monetary Fund, on the deployment of U.S. marines in Lebanon and on President Ronald Reagan's defence and nuclear disarmament programmes.

Congressional aides predicted yesterday that the Bill required to authorise the $8.4bn for the IMF could be the first and most important casualty of new political forces which have come into play since Congress recessed last month. Although the Senate and House of Representatives both passed versions of such a Bill before the recess, the chances of the two chambers agreeing on a single final version of this measure have been reduced substantially in the past few weeks.

The coalition of moderate Republicans and Democrats backing IMF funding has fallen apart as a result of a "political smear campaign" waged during the recess by right-wing Republicans against Democratic supporters of the Bill, according to Congressional officials. These "smears" have centred on an amendment to the IMF Bill which sought to bar loans to Communist countries.

As a result of these letters, which were distributed by the Official Republican Congressional Committee, final passage of the IMF Bill now "hangs by the slimmest of threads," according to Mr Fernand St Germain, chairman of the House Banking Committee, and the Bill's chief sponsor in the House.

Only a personal intervention by President Reagan, publicly repudiating the "Communist" innuendos being distributed by his own party machine, could now save the Bill, according to most political observers in Washington.

On foreign affairs and defence issues, which are likely to receive considerable congressional attention in the coming weeks, the new "conventional wisdom" in Washington is that Mr Reagan's hand has been strengthened by the Soviet Union's shooting down of the South Korean airliner.

Opponents of the new MX intercontinental missile are likely to have to be more careful in opposing him when funds have to be voted for the weapon.

Despite Congressional out*rage at the airliner incident,* Mr Reagan can be expected to come under strong pressure on another "war and peace" issue, the continuing presence of the U.S. marine peace-keeping force in Beirut. The Democrats want the Marines' operations to be officially validated under the 1973 War Powers Act, which tried to set limits on the President's authority to commit U.S. forces abroad.

Australian balance of payments improve

By Michael Thompson-Noel in Sydney

DESPITE a surging import bill, Australia's balance of payments shows a moderate improvement last month, boosted by a net capital inflow of A$956m.

Imports rose by 13 per cent to a 17-month high of A$2bn, while exports improved by only 2 per cent to A$1.97bn.

Bomb blast damages Pretoria embassy

By J. D. F. Jones in Johannesburg

THE CISKEI Embassy in Pretoria was damaged by a bomb explosion late on Sunday night as South Africa continued to experience a wave of urban terrorism. On Saturday morning electricity substations in two Johannesburg suburbs were damaged by limpet mines.

150 executed as China's crime purge builds up

BY MARK BAKER IN PEKING

MORE THAN 150 people have been executed in the past three weeks as China's current crime purge gathers momentum.

Reports reaching Peking indicate that systematic executions have occurred in at least 11 cities so far. In each case the criminals have been paraded in public before being led away to be shot.

A Communist Party document *circulated to court authorities* has directed that the death penalty be given in all cases where it is an option.

In an attempt to counter rising violent crime and urban hooliganism the Chinese Government has ordered that more than 100,000 suspected criminals be rounded up by next February.

The death penalty has been applied to an expanded range of crimes and people convicted of lesser offences are being given stiffer jail terms or sent to work in remote labour camps.

Reports of executions have been increasing since 30 convicted murderers and rapists *were shot in Peking on August* 23 after being paraded before a crowd of more than 80,000.

A particular target of the purge are members of urban youth gangs, but the authorities also want to make an example of serious fraud cases.

Israeli arms sales fall

By Our Tel Aviv Correspondent

SALES OF Israeli arms and other military equipment overseas have been poor this year, and this contributed heavily to the 8.4 per cent overall fall in industrial exports in the first eight months of the year.

Israel does not tabulate arms sales as such, but these are usually reflected under the category "metal products, machinery and electronics." Exports of such products fell in August to $66m (£44m) compared to $120m in August last year.

The *Ministry of Industry* and Trade which reveals these statistics expressed additional worry over the fact that August 1982 was a poor export month, coming as it did just after the invasion of Lebanon when production had been curtailed by the call up of many workers.

Revised transcript of pilots' tapes 'shatters U.S. claim'

BY OUR FOREIGN STAFF

THE Soviet Union said yesterday that the revised U.S. transcript of tape recordings of the Soviet pilot's conversations "totally shattered" the "vicious allegation" that Soviet jets did not warn the Korean airliner.

The claim from the official news agency Tass followed the U.S. State Department announcement on Sunday that the Soviet fighter that shot down the Korean airliner may have fired warning shots.

The Russians did not, however, address the issue that the Korean airliner was flying without lights. A U.S. transcript of Soviet pilots talking to their ground control quotes one saying the Korean plane had its navigational lights on and a strobe light flashing.

Tass claimed that the State *Department had put out* a revised transcript "under pressure of irrefutable evidence" presented by Marshal Nikolai V. Ogarkov, the Soviet chief of staff at a Press conference in Moscow last Friday.

Meanwhile, in a freshblow to relations already severely damaged by the airliner incident, the Soviet Union yesterday expelled a U.S. diplomat.

A statement by the KGB security police, published by Tass, said Mr Lon David Augustenborg, a vice consul at the U.S. Consulate-General in Leningrad, was being declared persona non grata after being detained on Sunday.

In Seoul, the Foreign Ministry said yesterday that South Korea *is* formally demanding full compensation for the shooting down of the jumbo jet.

Michael Donne, Aerospace Correspondent, writes: The ban on air services to and from the Soviet Union is expected to start biting this week, as more countries halt such services either through the action of their pilots, or by government edict, or both.

At the same time, attention is likely to be focussed on the special emergency session of the Council of the International Civil Aviation Organisation in Montreal on Thursday, at which efforts will be made to amend the world's civil aviation convention so as to outlaw attacks on civil airliners.

While both the pilots' and governmental bans on air services to the Soviet Union are designed to demonstrate the Western world's immediate revulsion at what has happened, *it is felt that efforts* to prevent any repetition of such an event can only come from United Nations' action.

The ICAO is the aviation technical agency of the UN.

Airlines hit by Brazil foreign exchange block

By Andrew Whitley in Rio de Janeiro

TWENTY FOREIGN airlines operating routes to Brazil have become the latest victims of the Government's temporary block on virtually all remittances abroad of foreign currency.

Over $30m worth of passenger ticket revenue is being held up by the central bank in Brasilia, seriously prejudicing the viability of routes already weakened by falling demand and currency fluctuations.

Last week, American Airlines, the number two U.S. flag carrier to Brazil, announced that next week it would be suspending its three weekly flights from Dallas/Fort Worth to Rio de Janeiro and Sao Paulo, following heavy losses on the route.

The withdrawal of American Airlines from its only route to South America after only nine months' operations is a blow to the company and to the U.S. Government, which fought hard for months to secure air traffic rights for a second U.S. carrier to Brazil.

The airline said it could not continue supporting the financial losses it was sustaining on these flights, but would resume the service when conditions improved.

Earlier this year, British Caledonian reduced its passenger flights to South America to only two a week, compared with four before last year's Falklands war. Last month the 20 foreign airlines flying to Brazil wrote to the central bank to ask when their local receipts, held in a blocked foreign currency account, would be released and whether interest would be paid.

Three weeks later, the airlines have *still not* received a reply and they are becoming increasingly disturbed by their prospects.

Lufthansa, for example, is already owed approximately DM 8m ($3m) from ticket sales on its four flights a week to Frankfurt. But the worst hit airline of all is certain to be Pan American, which has a daily flight to Miami and another daily flight to New York from Brazil. The Miami run is the most popular of all routes out of South America.

Swissair, which operates three flights a week to Europe, says it has had about $1m held up since the controls come into force six weeks *ago, while Japan Airlines,* which operates a weekly flight to Miami and Tokyo is owed $1.5m.

Lufthansa said last week it had been able to get exemption from the block on remittances for its cargo earnings, on the grounds that these were helping the Brazilian export drive.

Aquino murder inquiry suspends hearings

BY EMILA TAGAZA IN MANILA

THE FIVE-MAN commission created by Philippine President Ferdinand Marcos to investigate the assassination of Benigno Aquino, the country's leading opposition leader, has suspended its hearings indefinitely, casting further doubts on the body's ability to solve the mystery of the brutal slaying.

Mr Enrique Fernando, chief justice of the Supreme Court and the commission's head, last week offered temporarily to quit the commission until after the Supreme Court had resolved three cases filed against the fact-finding body. Three lawyers' groups have filed cases questioning the propriety of Mr Fernando's chairmanship of the commission. The lawyers have invoked the theory of separation of Government powers, since the commission was created by the branch of the Government *while Mr Fernando is a member* of the judiciary.

The remaining members of the commission have similarly decided to suspend hearings until after it has responded to the supreme court's call to comment on the lawyers' groups' cases or even until after the tribunal hands down its decision on the three cases.

At about the same time that the commission suspended its hearings, the Ministry of National Defence signified its intention to co-operate in the commission's work. Mr Juan Ponce-Enrile, the Defence Minister, said that defence and military officials will be available to testify at the commission's hearings.

Meanwhile, the legal opposition groups' call for national immobilisation yesterday, fizzled out as public transport ran normally while employees and students attended classes and offices. Led by the Justice for Aquino, Justice for All Movement *(JAJAM),* formed after Aquino's murder, the opposition had called on employees and workers to stay home yesterday.

India in talks on warning system

BY MAURICE SAMUELSON IN LONDON

THE SUPPLY to India of a British-made airborne early warning system is being discussed by both countries, Mr Geoffrey Pattie, UK Minister of State for Defence Procurement, said in London.

*Commenting on a report from In*dia, he said that discussions on the issue, which had been underway for some time, would continue when a British defence team visited India next month.

Talks have also been held between Indian defence officials and Marconi, the British electronics company, about mounting a warning system on one of the aircraft of the Indian airforce. They do not involve India's purchase of the Nimrod aircraft on which Britain's own airborne early warning system is carried.

The interest shown by India in British military equipment reflects its attempts to reduce its dependence on the Soviet Union. In July, it signed a deal worth more than £250m ($376m) for 12 British-made Sea King helicopters equipped with Sea Eagle anti-ship missiles and an option for eight more.

At the same time, British Aerospace is interested in collaborating with the Hindusthan aeronautics company on development of a new light combat aircraft for the 1990s. "It could be something like a Hawk, but at present it is still an idea in the air," Mr Pattie said.

India has also expressed interest in buying artillery and aircraft from the U.S. with a potential value of $1bn. Tentative talks between the two countries began following Mrs Indira Gandhi's visit to Washington last year.

However, hopes that India would turn to the West for its more immediate aircraft requirements were dashed recently after it decided to abandon plans for manufacture under licence of the French-designed Mirage 2,000 aircraft.

John Elliott writes from New Delhi: *The Indian Government has* been examining airborne air warning systems produced by a number of countries, including the U.S. and the UK, for about 12 months. No decisions have yet been taken about the size of any order that might be placed, nor whether it would be done in two contracts to spread the cost. One important factor is the Indian Government's determination to build up its technological expertise, and it is possible that attempts will be made to build either or both the radar and the aircraft needed in the country.

Britain's chances of securing some or all of the business, should become clearer next month when the team of officials from the UK visits India for talks.

C. Americans take case to Brussels

THE SIX Spanish-speaking countries of Central America supported by delegations from Mexico, the U.S., Colombia, Venezuela, the World Bank and the International *Monetary Fund, today start a two*-day presentation of their development projects to Western European governments in Brussels, Hugh O'Shaughnessy writes

The EEC countries, together with Spain, Sweden and Switzerland will be represented at the meeting.

Kaunda in Namibia talks with Bonn

BONN - Zambian President Kenneth Kaunda arrived in Bonn yesterday for talks with West German leaders which are expected to centre on efforts to secure independence for Namibia.

Mr Kaunda's third visit to West Germany since Zambia's independence in 1964 is also expected to cover economic co-operation between the two countries. The President will meet a number of leading industrialists during his five days in West Germany.

The 59-year-old Zambian leader was to begin talks with President Karl Carstens yesterday and is due to meet Foreign Minister Hans-Dietrich Genscher and Chancellor Helmut Kohl today.

West Germany is one of five Western nations, known as the Contract Group, trying to speed up independence for the former German colony of Namibia.

West German sources said that Bonn would seek Mr Kaunda's support for its efforts to achieve a withdrawal of Cuban troops in Angola in return for a South African promise to allow free elections in Namibia and eventual full independence.

Reuter

U.S. Comptroller tightens scrutiny of bank lending

BY WILLIAM HALL IN NEW YORK

THE U.S. Comptroller of the Currency, which shares responsibility *for overseeing the* international operations of U.S. banks with the Federal Reserve Board, is consolidating its international supervisory operations into a single unit and recruiting extra staff to strengthen its supervision of U.S. banks' international lending.

The new "International Relations and Financial Evaluation" unit has been set up following growing congressional criticism earlier this year that U.S. federal banking regulators had failed to supervise U.S. banks' international operations adequately and had allowed U.S. banks to become too heavily involved in lending to many countries which are currently facing severe problems servicing their international debt.

In April, the three U.S. banking regulators—the Comptroller of the Currency, the Federal Reserve and the Federal Deposit Insurance Cor*poration—issued a five-point* programme to strengthen supervisory and regulatory practices and avoid excessive concentrations of credit in foreign countries. The top 10 U.S. banks have $43.8bn of loans to Mexico, Brazil, Argentina, Venezuela, Chile and Yugoslavia, which is equivalent to 169 per cent of their total equity.

The Comptroller's office is the first U.S. bank regulator to upgrade its international supervisory functions in response to the regulators commitments to Congress earlier this year.

Mr Robert Bench, who will head the new unit, said yesterday that it will provide stronger analysis and supervision specifically on each country's debt and a much stronger co-operation between bank supervisors responsible for monitoring international operations both in the U.S. and abroad.

The Pinochet regime is under siege, reports **Mary Helen Spooner** in Santiago

Ten years on, Chile cauldron starts to bubble

TEN YEARS after the bloody overthrow of President Salvador Allende, head of Latin America's first popular elected Marxist Government, General Augusto Pinochet's solemn patriotism and high hopes of transforming Chile looks tarnished.

The people have been urged to celebrate 10 years of "peace, prosperity and well-being" under his regime, yet even his most ardent supporters cannot conceal that the government is under siege.

Amid a wave of popular unrest, Chileans are demanding a quick return to democracy following the giddy experiment of Chicago-style economics which has pushed unemployment beyond 18 per cent and piled up external debts of over $17bn.

The last four months' protests have cost the lives of more than 40 people with 1,000 wounded, and they show no sign of abating. People have now lost some of their fear of Gen Pinochet's repressive military machine, and the protests can no longer be dismissed as a communist-inspired plot when the same members of the middle class who welcomed Sr Allende's overthrow are involved.

Gen Pinochet, aged 67, who insists he will remain in office until at least 1989 has already begun to make concessions by permitting a form of dialogue with Right wing and Centrist *politicians, and* by appointing a new Interior Minister, Sr Sergio Jarpa, whose task appears to be to prepare for a controlled return to democracy. The more politically respectable exiles have been given the green light to return and Santiago is pervaded by hope that a form of political transition will take place.

It is a curious irony that Chile, once Latin America's oldest democracy, should be ruled by one of the region's most entrenched generals. Gen Pinochet was appointed army commander by the ill-fated Sr Allende only three weeks before the coup and joined the conspiracy in its closing stages.

He entrusted the economy to the "Chicago Boys," a group trained in the free market theories of Mr Milton Friedman at Chicago University. Their drastic monetary policies—lowering of tariff barriers, hiving off inefficient state industries—for a while appeared to work. Inflation came down, foreign credits flowed in, and copper prices held. In 1980, the regime felt confident enough to call a plebiscite to ratify a new authoritarian constitution. Gen Pinochet's presidency was extended until 1989 with an option for another eight years.

But by 1981 the cracks in Gen Pinochet's grand design had already begun to show. Public opinion was perhaps most affected by the 1982 devaluation of the peso, which had been maintained at an artificially high level against the dollar for three years. The devaluation was particularly resented among the middle classes, who had become used to luxury imports.

But a year earlier when copper prices began to fall the fragility of Chile's financial infrastructure had become apparent. A leading food conglomerate, the Crav Sugar group, suddenly declared itself bankrupt.

Crav was revealed to have unprotected liabilities of $100m and 25 banks had outstanding loans to it of $230m without adequate collateral. This caused a public outcry, forcing the regime to examine the interlocking relationships between Chile's major private banks and companies.

Following the collapse, the régime sought to shore up Chile's private financial system by imposing stricter accounting norms and new collateral requirements. However, the financial institutions found it hard to comply with these requirements, obliging the government in January 1983 directly to intervene by assuming administrative control *over the* greater part of the domestic banking system. Nine key banks and finance houses, including the Banco de Chile and Banco de Santiago, were taken over.

The cumulative effects of boom followed by slump, and the relaxation of tariff barriers and price controls have been felt throughout society. The average Chilean is not much better off than a decade ago, and in some ways may be in worse straits.

Gen Pinochet's supporters point to the problems inherited from the Allende regime—such as an inflation rate of 500 per cent — but most Chileans feel that after ten years in power the regime ought to have been able to devise successful economic policies which produce results.

If Gen Pinochet is to remain in power, backing from the military is vital and in the face of continuing popular unrest, he can no longer take such support for granted.

Politically, the Christian Democrats remain by far the strongest force; but neither of their two leaders, Sr Gabriel Valdes, a former Foreign Minister and UN assistant under-secretary, and Sr Andres Zaldivar, the former Finance Minister and president of the World Christian Democratic Union, command a sufficiently strong personal following to be an immediately credible alternative.

Gen Pinochet has brought in Sr Jarpa, the founder of the Right-wing National Party which is divided between supporters and opponents of the regime, to prepare the ground for a move to greater political freedom.

Angry Santiago crowd demands democracy in recent "day of protest."

Sr Jarpa has begun to hold talks with the Centre-Right coalition of moderate politicians forming the Democratic Alliance, but there is no evidence that he can control this dialogue or keep pace with popular demands for greater liberalisation.

The parties of the Left, principally the Communists and Socialists who provided the core of Sr Allende's electoral victory, believe they can rely on their "historic" support, but they too have their rivalries to overcome and their exiled leaders are relatively distant from events at home.

The momentum of change has already built up sufficient head of steam for repressive action to create more problems than it solves. The question now is whether the regime can control the pace and nature of the change. The lid appears to have been blown off. Chile's long simmering political cauldron.

WORLD TRADE NEWS

High technology investment to be stepped up in Taiwan

BY BOB KING IN TAIPEI

THREE LARGE U.S. companies—Texas Instruments, Key Tronic, and American Telephone & Telegraph—plan multi-million-dollar investments in high-technology manufacturing in Taiwan.

Texas Instruments (Taiwan) has received Government approval of a $12.5m increase in capitalisation for its existing integrated circuit plant in Taipei. Although the company was unavailable for comment on the reasons for the new investment, the Texas group is likely seeking to expand its already-considerable integrated circuit capacity.

In 1981, the company's exports topped $90m, making it Taiwan's fourth-largest electronics exporter that year.

Key Tronic, a computer keyboard maker, will formally submit its application to the Government on September 15 for the establishment of a $16.5m plant to make state-of-the-art keyboards here.

According to Mr Hyden Chang, Key Tronics' Asia marketing director, approval of the application is virtually assured, because the project results from a Government invitation.

Key Tronic will start making 15,000-20,000 capacitive and membrane keyboards a month by the end of the year to meet commitments to American buyers, which include Wang and Datapoint. The company also plans to market its keyboards, compatible with a variety of computer systems from the Apple to the IBM, throughout Asia.

AT & T will move one step closer to a joint venture with Taiwan Government agencies when its signs a memorandum of understanding with the Government. The signing will lead to detailed talks on the establishment of a facility to produce digital telecommunications switches and specialised very-large-scale integrated circuits (VLSI).

Initial investment in the AT & T venture is thought to total tens of millions of dollars, and could mean centring production and research for the Asian region in Taiwan.

Reuter adds: Taiwan's Economics Ministry has selected Hino Corporation, an affiliate of Toyota Motors of Japan, as the foreign partner in a projected joint venture heavy duty truck plant, the ministry said.

Foreign car producers make gain in France

FOREIGN manufacturers had a 32.7 per cent share of the French car market in the first eight months of this year against 32.6 per cent in the first seven months, the French Car Manufacturers Association said, in Paris.

Foreign car registrations in August were 42,500, giving a cumulative total for the eight months of 437,900, up from 407,700 in the same 1982 period.

New French registrations in August were 125,900, giving a cumulative 1983 total of 1.34m, a 0.4 per cent gain on 1982.

State-owned Renault, France's leading manufacturer, saw its share of registrations drop to 34.5 per cent in the year to August from 38.2 per cent in the same 1982 period.

But the privately-owned Peugeot group showed a small recovery during the eight months, with the Peugeot/Talbot market share at 19.5 per cent against 18.3 per cent, and Citroen at 13.2 per cent against 12.9 per cent.

Reuter

Anthony Moreton examines moves to renegotiate trading agreements

Textile nations fear North American curbs

FEARS are growing among low-cost textile producing countries over what they see as increasing protectionism in the U.S. and Canada.

In the last three months the U.S. has sought to renegotiate 50 bilateral trading agreements, none of which is more than 20 months old.

Hong Kong has been the most severely hit by these moves since the U.S. has called for 20 bilateral deals to be revised. These were negotiated as part of the Multifibre Arrangement (MFA), the agreement signed in Geneva at the end of 1981 which governs most of the world's trade in clothing and textiles.

The U.S. is by far the largest overseas market for Hong Kong. Last year it took more than £3bn-worth of goods, 37.5 per cent of the colony's exports. Textiles and clothing were the largest single element in this total. This year Hong Kong exports to the U.S. have risen by 10.2 per cent in the first quarter compared with the same period of 1982, and 14 per cent in the second quarter.

Other countries which have been hit by American demands for renegotiation include Pakistan and South Korea.

Canada has been accused of breaking the spirit, if not the letter, of the international trading rules under the General Agreement on Tariffs and Trade (Gatt) by introducing non-tariff obstacles to trade in the past two months. Although these barriers also cover trade with Western Europe, the principal aim is to restrict clothes entering the country from the Far East, especially from Hong Kong, China, South Korea and Taiwan.

Canada has decreed that imports of clothes must now pass through the hands of just 26 customs officials, all of whom have undergone a training course intended to brief them in tougher inspection procedures.

The effect this will have on imports is made worse by the fact that nine-tenths of Canadian imports enter the country through Montreal and Toronto to which just 11 of the officers have been allocated.

The move is reminiscent of France's action earlier this year when it decreed that all imports of Japanese video recorders had to go through an out-of-the-way customs post in Poitiers.

The effect on clothing imports is much more severe than it was on videos because clothes are much more time-sensitive than most other goods.

The shops are now gearing up for the autumn selling season and if clothes are held in customs' warehouses for three or more weeks, as has been claimed will happen, they could reach the racks after the buying peak has passed.

Both the American and Canadian actions have been taken as a consequence of strong currencies. U.S. exports (Canada is not a major clothes manufacturer) have been declining as imports have increased rapidly. Two years ago, the reverse situation occurred and cheap American towels, sheets, pillowcases, carpets and outerwear flooded into Europe.

To curb the imports the U.S. has called for consultations with suppliers, a legitimate procedure under the MFA but not one widely used.

A Pakistani trade official said recently: "We always thought the EEC's *basket-extractor* mechanism (a procedure by which a sudden rise in supply can be temporarily restrained) was the worst thing about the MFA but these consultation calls are turning out to be much more severe."

Third World countries are concerned that pressure for more consultation calls will increase in the U.S. over the next 12-months in the run-up to the 1984 presidential election in November. "Textile pressure groups in the U.S. are very strong, indeed," said the Pakistani official, "and with an election coming it will be very difficult for politicians to stand up to them."

Hill Samuel in £8m credit

HILL SAMUEL has arranged an £8m general purpose line of credit to its South African subsidiary, to provide medium-term non-recourse export finance to cover contracts for the export of British capital goods and services to South African buyers. The credit line is backed by the Export Credits Guarantee Department.

The minimum contract value is £30,000 and the contracts must be signed by January 31 to be eligible for inclusion under this loan facility.

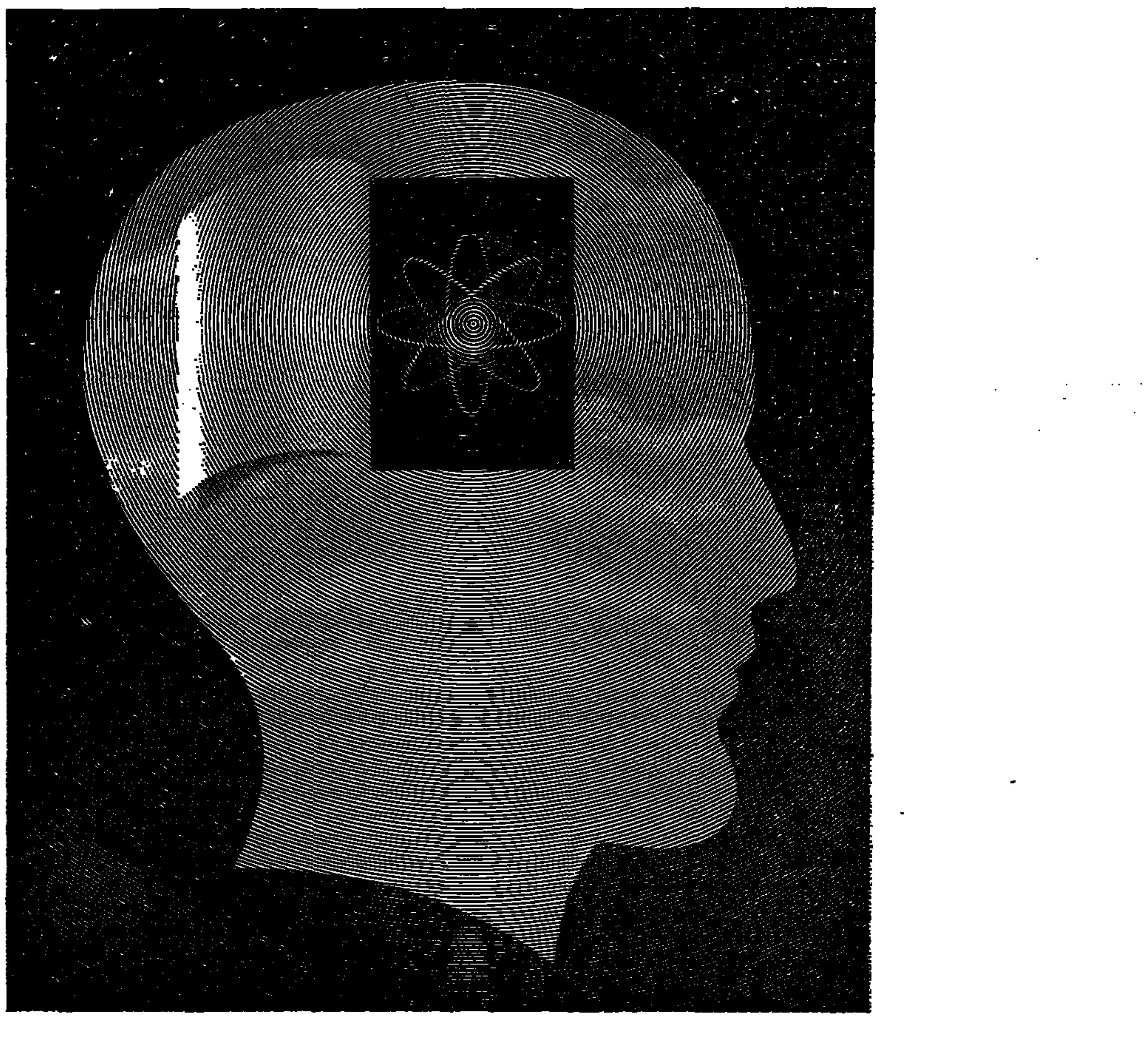
The facility succeeds a similar arrangement for £12m now fully allocated to contracts.

The line of credit arrangement is popular with a wide range of exporters and buyers because of its flexibility and the short period of time which it takes to approve contracts for financing.

Oil imports may be raised

JAPANESE oil importers expect to raise imports of Mexican crude oil to 160,000 barrels per day, the contracted volume under the present long-term deal, from the current 110,000 b/d from October 1, Reuter reports from Tokyo.

The increase was requested by Pemex, the Mexican state-run oil company.



Irish exports show rise of 7 per cent

BY BRENDAN KEENAN IN DUBLIN

EXPORTS from the Republic of Ireland rose seven per cent by volume last year, more than double 1981 growth. The Irish Export Board (CTT) expects an even better performance this year.

The UK market was noticeably buoyant with a rise in value terms of almost 15 per cent. Sales to the UK topped Irish £2bn (£1.57bn) for the first time.

Even so the share of Irish exports going to the UK continued the downward trend of recent years and fell to 38 per cent. This reflected particularly large increases in the value of exports to the rest of the EEC and North America.

Irish export performance was helped by the recovery in the agricultural sector with exports rose slightly in volume following the 8 per cent fall in 1981.

The CTT warns in its annual report that the bulk of the export success comes from new industry attracted to Ireland by the incentive schemes, of the Industrial Development Authority (IDA). This inward investment has slowed considerably in the last two years, which must cause some concern about the future export trends.

IRISH EXPORTS
PERCENTAGE MARKET SHARE

	1982	1981	% increase value
UK	38.8	40.2	+14.8
EEC (ex UK)	31.8	30.7	+23.3
N. America	8.4	8.2	+21.5
EFTA	4.2	3.9	+28.7
Others	16.8	17.0	+17.9
Total	100.0	100.0	+19.1

Some sectors of traditional Irish industry, such as clothing and furniture, showed substantial gains, others such as leather footwear and glassware recorded only slight changes.

The CTT has been given wider powers to encourage the export of services such as agricultural consultancy, medical services and computer software. It is also expected that the forthcoming white paper on industrial policy will recommend a greater emphasis on export promotion.

The board expects a slightly better performance this year, with a 9 per cent growth in volume as compared with last year's 7 per cent.

India in agreement on rescheduling with Iraq

BY R. C. MURTHY IN BOMBAY

THE INDIAN Government has reached agreement in principle with Iraq on rescheduling the payments for the approximately Rs 1.2bn (£78m) in construction contracts under execution by Indian companies in Iraq.

An official team led by a representative of the Export-Import Bank of India will go to Baghdad in a fortnight to sign an agreement to extend credit facilities for the portion of the contract value due for payment. This component, says an Exim bank official, works out to less than 50 per cent of the contract value.

Iraq has agreed to pay cash for priority contracts and is asking for deferred payment facilities for non-priority construction works.

The protocol envisages Indian banks extending credit for $40m to be paid over a three-year period.

The foreign currency credit India is extending is in addition to the rupee component Indian banks are extending to construction companies for the wages remitted by Indian labour back home.

U.S. trade adjustment programme faces axe

BY NANCY DUNNE IN WASHINGTON

A MID-WESTERN U.S. manufacturer of medical X-ray machines found itself losing business to foreign competitors when it turned to a U.S. Government-funded Trade Adjustment Assistance Centre (TAAC) for help.

The Centre, responding with strategic assessment advice and loans, turned the business round. Sales bounded up from $80m to $120m (£53m to £80m) a year, and the company finally hired 500 new workers bringing its total payroll to 1,300.

Not all businesses which go to TAAC centres become thriving concerns, but no government loan extended to business under the Trade Adjustment Assistance Programme has ever been unsuccessful, according to Mr Daniel Fennell, director of the Mid-Atlantic TAAC, one of the 13 U.S. regional centres which aids business.

The programme, which provides assistance to individual workers as well as companies hurt by imports, has been active since 1975. However, because it is opposed by the Reagan Administration, trade adjustment assistance (TAA) may come to an end on September 30 when the programme's authorisation expires.

Many trade analysts fear that loss of TAA will open the way for new protectionist legislation because the programme absorbs much of the political heat generated by import-hit industries. They worry that instead of offering financial and technical aid to ailing companies Congress or the Administration might feel compelled to impose higher tariffs or new quotas.

Most of the $4bn spent on trade adjustment assistance between 1976 and 1982 went for payments to individual workers, and it is this practice which the Reagan Administration has found objectionable.

The Reagan Administration pruned the programme from $1.4bn in 1981 to about $102m in 1982, and it now wants to halt funding altogether. Workers and companies hurt by import competition would then have to seek other federal help.

In killing the workers' assistance, the Administration would also end the much lower cost aid to industries. Between 1975 and 1982 business received $87.5m for technical assistance and $343m for loans and loan guarantees.

About half of TAAC assistance has been concentrated in the apparel, textile and footwear industries. Programme grants have helped develop new fabric materials and devised cost reduction schemes.

Several Congressmen and Senators from states with high unemployment have said they will try to save the programme. Initially, they may move to get Congress to extend its funding at current levels through a continuing resolution.

A Bill in the House Ways and Means Committee would raise total funding to more than $200m next year and would at the same time institute reforms to satisfy the Administration. Aid would be extended to workers in companies whose business customers have been hurt by imports and to workers in companies that move production abroad.

The Bill would continue financial and technical aid for business at its current $27.5m a year level, but it also provides more funds for research and development efforts.

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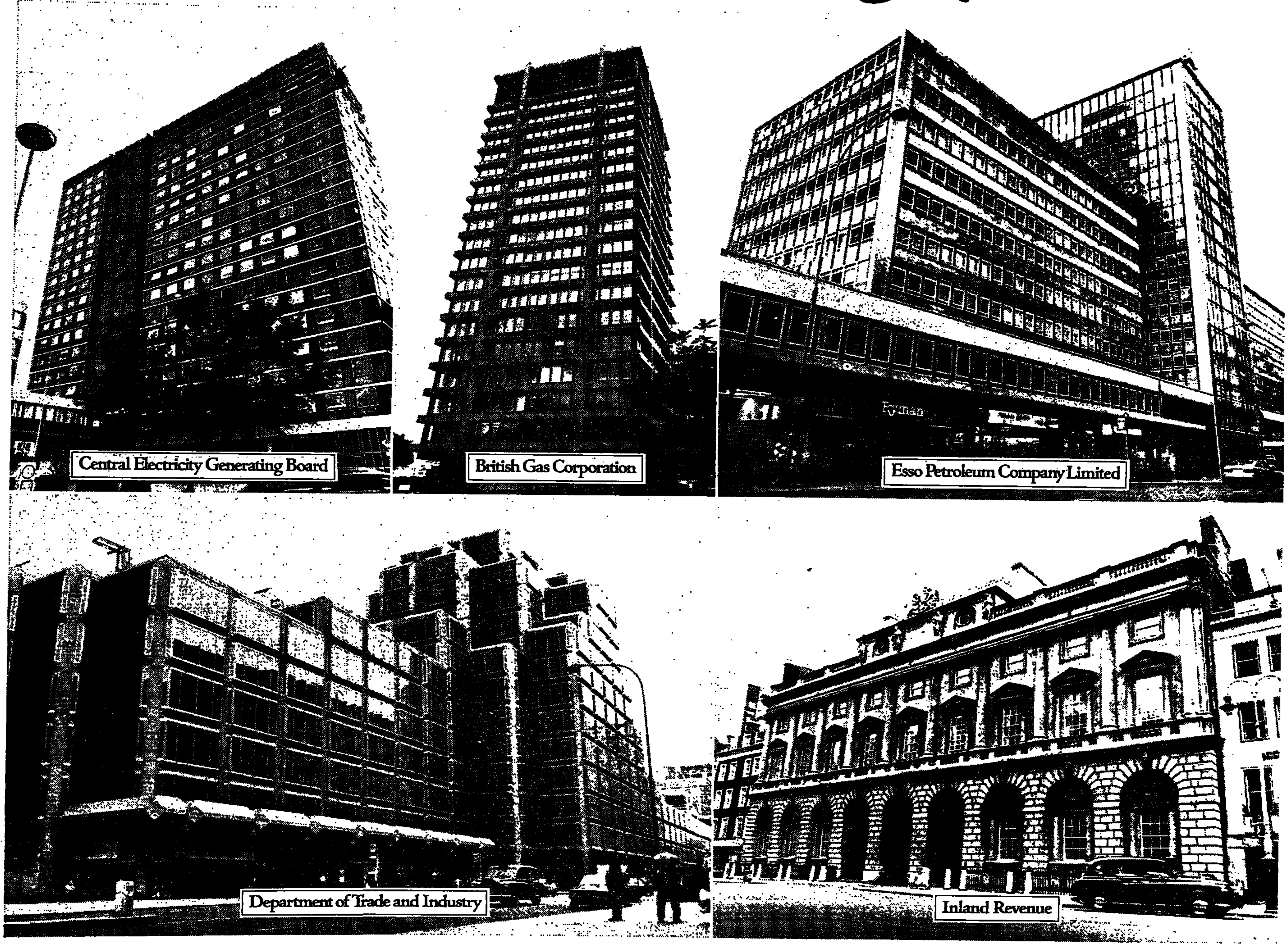

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UK NEWS

State plan to exploit defence technology

By David Fishlock, Science Editor

THE UK Government's monopoly over inventions made in state laboratories and universities in Britain, is to be abolished, Prime Minister Mrs Margaret Thatcher announced yesterday.

The Government is also exploring the idea of a "club" of financial institutions that would visit defence research establishments, seeking ideas and inventions with commercial potential.

These changes were disclosed at a seminar in London called by Mrs Thatcher to discuss Britain's shortcomings in the exploitation of new ideas and inventions.

Her decision ends nearly two years of uncertainty for the British Technology Group, formed from the merger of the National Enterprise Board and the National Research Development Corporation, to exercise the government's rights over inventions.

The NRDC was given the monopoly when it was originally created in 1949, with the primary role of protecting Britain's "intellectual property" against foreign exploitation.

Mrs Thatcher said the monopoly had been a mistake. It was "very restrictive and widely criticised, not least by scientists wanting to exploit their work."

Mr Michael Heseltine, Secretary for Defence, said his ministry was planning to invite groups with access to venture capital to organise themselves into a club that might produce a portfolio of defence research ideas with commercial potential.

The groups it was talking to included Barclays Bank, Lazards, Prutec, Cogent, Hereford Venturers and the Cranfield Business Institute.

"In essence they will act as technology brokers between our establishments and the high-tech industries," Mr Heseltine said.

The plan was to start at the Royal Signals and Radar Establishment

But this pilot experiment would be followed by similar initiatives at the Royal Aircraft Establishment, Farnborough, biggest of the defence ministry' research establishments, and Navy laboratories

Labour blames party machine for poll defeat

BY KEVIN BROWN

THE LABOUR PARTY tried and failed yesterday to turn its back on the bickering that marred its general election campaign in June this year.

There was virtual unanimity on the national executive committee (NEC) that the policies on which the party fought the election were not responsible for the scale of the defeat.

Instead, Left and Right agreed that the party organisation was run down and inefficient compared to the vote-winning machines fielded by both the Conservatives and the Social Democratic Party/Liberal Alliance.

But even as Mr Neil Kinnock, the leading contender for the Labour party leadership, was calling for the party to "modernise, work, become more sensitive and unified," Mr Michael Meacher, the left-wing candidate for the deputy leadership, was distributing a statement bitterly critical of Mr Roy Hattersley, the centre-right leadership candidate.

The NEC avoided a row over a leaked report by Mr Denis Healey, the present deputy leader, criticising both the party's organisation and its public confusion over policy.

The meeting was expected to be bad-tempered, but in the event the only clash came when Mr Dennis Skinner and Mr Laurence Coates, left-wing leader of the party's youth section, claimed the election defeat was largely the result of the right-wing campaign against the editorial board of the Militant newspaper.

Mr Coates, who urged the party to organise on the lines of the successful French and Greek socialist parties, was rebuked by Mr Healey, who pointed out that both parties had begun by expelling their Trotskyist fringe.

Mr Michael Foot, attending his last meeting as party leader, had little to say except to thank the NEC for its support of his leadership. The NEC responded by making clear that he carried no personal blame for the election defeat.

Mr Kinnock left the meeting in evident good humour, claiming the party's election postmortem had been "more of a biopsy than an autopsy. This party is still very much alive," he said.

He told the NEC that the party's election policies were not a significant cause of its defeat, but he admitted the divisions in the party were "the source of any lack of authority so far as the electorate was concerned."

Later, in a speech to party workers in Stoke, Staffordshire, Mr Kinnock called for the party to double its 273,000 membership in the next 18 months. He urged widespread reforms to streamline the party machine, including the appointment of an election manager, and warned that perpetual constitutional conflicts "cut us off from the people."

He also appealed for party members to stop "contriving" rows in the media which greatly damaged the party for factional advantage. Party members' venom was better expended on Labour's enemies, he said.

Pace of consumers' spending slows down

BY MAX WILKINSON AND DAVID CHURCHILL

SPENDING in shops slowed in August from the brisk rate of trading in the early summer, according to official figures published yesterday.

However, retailers remained generally confident that the recent sales boom was not yet petering out.

Provisional estimates from the Department of Trade and Industry put the volume of retail sales in August at 13 per cent above its level in 1978. In June and July sales had been running at about 14 per cent above the average for 1978.

This slight fall – after allowing for seasonal factors – may be taken as a pointer by those economists who believe that the rate of growth of the economy as a whole will decelerate in a few months' time.

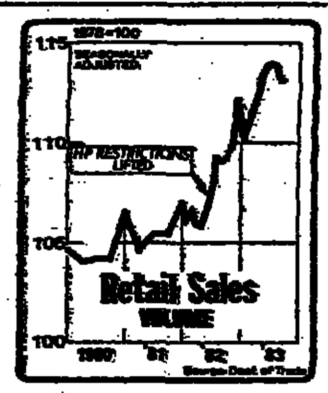
Both the National Institute of Economic and Social Research and the Confederation of British Industry believe that the rise in national output – now running at an annual rate of about 2 to 2½ per cent – will come to an end next year, partly because consumer spending will be less buoyant.

The Treasury, on the other hand, remains optimistic that the present moderate rate of growth will continue in 1984.

Yesterday's retail sales figures, though perhaps a little disappointing for the optimists, do not provide any decisive evidence for a change in spending patterns.

In spite of the fall in August, trade in the three months in June to August was still 1 per cent higher than in the previous three months, and 5 per cent higher than in the corresponding period of 1982.

During the first eight months of this year, trade was running at a level which was 4 per cent higher than the average for last year as a whole, and the major retailers continue to expect good sales until at least the end of the year.



The Retail Consortium, which represents the bulk of Britain's retailers, conceded yesterday that there was some easing off of the buoyant trading conditions. "But this is by no means the end of the so-called boom," a spokesman added.

Retailers have been reporting to the consortium very good sales figures in the early summer months as a result of heavy price promotions. August is traditionally seen as a slack month.

Growth to slacken, Page 11

EEC faces challenge over alcohol subsidies

BY CARLA RAPOPORT

THE UK Government has been asked to intervene on behalf of the country's synthetic alcohol producers over a proposed EEC regulation to subsidise surplus wine and agricultural alcohol.

BP Chemicals, a division of British Petroleum and one of the largest producers of industrial alcohol in Europe, has approached the UK Government for assistance, claiming that the regulation would have an "horrendous" effect on the UK industry.

The proposed regulation for subsidies for wine alcohol stems from an attempt by Brussels to reduce the community's wine lake. Synthetic alcohol producers claim, however, that these subsidies would create excess brandy which, in turn, could be refined into industrial alcohol.

It is one of two disputes between EEC countries over alcohol trade. Last April, the UK Government, made a formal complaint to Brussels, with the support of the Netherlands, West Germany, Belgium and Ireland, claiming that France was protecting its home alcohol market and subsidising exports. The matter was referred to the European Court in May.

At that time, the court urged France to take interim measures to ease the problem. Last month, France instituted a tax on its exports of alcohol in an attempt to neutralise its indirect subsidies to the industry.

"It is a small step toward a free market, but we've got a long way to go," Mr Peter Johnson, business manager for BP's ethanol (synthetic alcohol) business, said yesterday.

BP Chemicals did not sell any alcohol to France until three years ago, when it began selling into the market to see if it would be stopped. The EEC alcohol market is at present worth about £450m a year, with the French market accounting for about 15 per cent of the total.

The UK group accounts for about 30 per cent of EEC industrial alcohol sales.

BP chemicals recently invested some £50m in its new ethanol plant at Grangemouth, Scotland. Mr Johnson said yesterday that large quantities of subsidised alcohol posed a "serious" threat to the long-term future of BP's ethanol plants.

He said there were about 500,000 tonnes of wine in storage in France and Italy. "If allowed out, it will not only create an immediate problem, but a serious problem for years to come."

Men and Matters, Page 18

Office of Fair Trading lists milk restrictive agreements

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading yesterday shed some light on the complex system of milk distribution in the UK – a system which means that while British consumers drink more liquid milk per head than any of their European counterparts, they also have to pay substantially more per pint for the privilege.

Sir Gordon Borrie, Director General of Fair Trading, yesterday listed some 54 separate restrictive trade agreements between the big dairies and other milk producers aimed at limiting competition over the supply of milk.

A further 20 agreements are still being considered by the Office of Fair Trading (OFT) and it seems likely that many similar deals are still operating in the milk distribution industry. These agreements include price fixing, collusive tendering, special discounts, and the allocation of milk rounds.

The fact that the 54 agreements were formally placed on the Register of Restrictive Trade Practices in London yesterday represents a major victory for the OFT in a long-running battle to secure greater competition in the supply of milk. Just over two years ago, the concerted efforts of the dairy trade and the Ministry of Agriculture forced the OFT to abandon plans for a Monopolies Commission investigation of milk supply.

At that time Sir Gordon said: "I intend to keep trends very closely under scrutiny and shall not hesitate to review my decision if there are signs of muted competition."

Since then, the OFT has indeed found reason to believe that competition in the industry has been muted. The evidence, however, came as a result of the Co-operative Wholesale Society (CWS) "coming clean" about restrictive trade agreements it was operating. The CWS, along with the rest of the co-operative movement, is responsible for supplying about one in three of the bottles of milk sold in Britain. The equivalent of about 8bn pints of milk are sold in the UK each year, according to trade sources.

The major dairies "named" by the CWS – it is understood without their knowledge – included Express Dairies, Associated Dairies, Unigate, and Northern Dairies. Unigate is second in market size to the Co-op – with about 20 per cent of the market – followed by Grand Metropolitan's Express Dairies with some 10 per cent, Northern with about 5 per cent, and Associated with 3 per cent.

The origins of yesterday's wholesale disclosures of secret agreements start in November 1981 when, as a result of complaints, the OFT uncovered a restrictive trade agreement operating between a number of dairies in the Bristol area.

Under the 1976 Restrictive Trade Practices Act, all agreements between two or more parties which included any form of restriction on those parties must be put on a special register in London. If the agreement is put on to the register within a certain short-time limit, then the agreement can continue to operate until ruled otherwise by the Restrictive Practices Court in London.

David Fishlock reports on challenges facing industry

UK's failure to tap its engineering skills

FEW MEETINGS Mrs Margaret Thatcher, the Prime Minister, has presided over can have been as good-natured as that at Lancaster House in London yesterday. Yet the subject was controversial enough: Why does Britain fail to earn as much as its main trading rivals from the brains of its scientists and engineers?

Mrs Thatcher had gathered 250 leading figures in innovation from the City of London, industry, universities and government, to tell her how to earn more. But it was stressed that no one was seeking a national plan for innovation – merely to highlight the shortcomings of the British way of innovating.

As might be expected on a topic which has been contentious for two decades, since former Labour Prime Minister Harold Wilson's "white heat of technology" speech late in 1963, her experts disagreed.

Mr Keith Duckworth, chairman and chief engineer of Cosworth Engineering, was sure that the big expansion of higher education in the 1960s had accelerated the decline of British industry by trying to expand a system which already overstressed academic rather than commercial virtues.

The expansion had reduced opportunities, he said, for industry to get the kind of innovative recruits it needed. These were the product of being taught in an industrial environment "with people around to tell you what is wrong with your suggestions."

Mr Duckworth went so far as to allege – although not to substantiate – that many recruits lost to industry were now pursuing activities detrimental to industry.

The academic community was not amused. But Sir Clive Sinclair, chairman of Sinclair Research, went still further. Everyone should be taught technology – how things work – just as everyone was taught to read and write. His view later received endorsement from Sir Keith Joseph, Secretary for Education and Science.

Dr Eric Duckworth, director of the Fulmer Research Institute, said universities could do themselves some good by learning more about the kind of students they were taking from the schools. Dr. Duckworth also urged his listeners not to go overboard for high-technology innovation. Incremental innovation in the older industries could be no less of an intellectual challenge. "If we had kept up with the world here, we would have had 2m fewer unemployed," he claimed.

Lord Weinstock, managing director of GEC, said innovation was a normal function of management in

Mr Harvey-Jones of ICI: myths about risk capital

industrial companies and he was not sure that it was any different from innovation in small companies. But he put a lot of faith in the need for a "project champion" to lead an innovative venture.

The project champion had to be given the responsibility and had to move with the project – through research to development into the commercial area.

Lord Weinstock said this had recently happened within GEC, in optical fibres.

Mr John Harvey-Jones, chairman of ICI, assured everyone that chemicals was "very far from being a sunset industry" – indeed ICI's problems related "much more to selection between the immense range of chemical opportunities based upon our own and other scientific capabilities in this country rather than finding ways of breathing a last gasp of life into a dying business."

He dismissed as a myth any idea that shortage of risk capital was a problem for Britain. Nevertheless, he stressed that "successful exploitation of innovation often requires taking very large risks on very large amounts of money." He believed large companies had a particular responsibility in exercising what he called "staying power for the long haul."

Sir Walter Marshall, chairman of the Central Electricity Generating Board, said technology-led innovation was fun but not likely to be commercially successful.

The kind of innovation the Japanese were particularly good at was market-led innovation. He also forecast that should the innovators fall down on any one of the many disciplines needed today to bring innovation to the market place, the venture would surely fail.

Sir Walter said he saw one thing going for British companies today that was missing five years ago. They now had time to think about products. Five years ago they had time only to concern themselves with industrial relations.

Life assurance chief attacks register plan

BY ERIC SHORT

THE LINKED Life Assurance Group (LLAG) has expressed considerable misgivings over the proposed establishment of a Registry of Life Assurance Commissions, known as Rolac, which would regulate the amount of commission life companies paid to independent intermediaries.

Under Rolac, details of which were unveiled last week, intermediaries would be paid specific rates of commission on life and pension policies varying according to their specialist Rolac classification.

Over 80 life companies have taken part in the discussions leading to the proposals. However, Mr Ralph Sepel, chief executive of Albany Life Assurance and chairman of the group, said that Rolac would have a counter-productive impact on independent intermediaries. He expressed concern that a number of firms would not be able to sustain commercially viable operations under the Rolac proposals and this would have a negative impact on the consumer.

He was also concerned at the effect of Rolac on the formation of new life companies and the position of tied agents – agents tied to one or two life companies for most of their business.

The Linked Life Group represents most life companies which are not members of the two main life associations – the Life Offices Association and the Associated Scottish Life Offices.

However, the group has not expressed total opposition to Rolac.

Further £10m funding for Sea Wolf missile

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

ADVANCE funding of some £10m for the further development of the British Aerospace vertical-launch Sea Wolf missile has been agreed by the Ministry of Defence.

The conventionally launched Sea Wolf – an anti-missile missile – is already deployed on the Royal Navy's Type 22 frigates.

Defence strategists argued during last year's war in the South Atlantic that if more Sea Wolfs had been deployed British ships might have fared better against the sea-skimming Exocet missile.

The £10m advance funding was announced yesterday at the Royal Navy Equipment Exhibition in Portsmouth, which was opened by Mr Geoffrey Pattie, minister in charge of defence procurement.

British Aerospace Dynamics Group has been developing a vertically launched lightweight version of Sea Wolf to improve the missile's flexibility. The Ministry of Defence has so far put only small sums into the development programme.

British Aerospace said the ministry had appointed its Bristol division as prime contractor for the development work.

Marconi Space and Defence Systems has already received a multi-million-pound contract to produce a new lightweight tracking radar for Sea Wolf, and is also involved in the vertical-launch version.

The Canadian Navy could be the first foreign buyer for the vertical-launch version of Sea Wolf for its planned patrol frigates.

Vosper talks fail, Page 11

Business campaign to be revived

By Tim Dickson

A NEW campaign is likely to be launched in the new year to promote Government measures to help small businesses.

The campaign will follow up a similar exercise earlier in the summer, which was cut short by the general election in June this year. A total of £2.5m was set aside for that initiative, but in the event only £2m was spent.

"We have decided to use the other £500,000 to reinforce the message," a Department of Industry official explained.

Although the guide, How to Make Your Business Grow, which was sent to all respondents to this year's campaign has been praised for its clarity and simplicity, the Government is still not convinced that advertising its small business scheme is good value for money.

An evaluation of the results is still taking place and the choice between future newspaper and TV advertising remains open.

Ministers are studying the 108 measures which they claim have been introduced specifically for smaller firms. This review might lead to a rationalisation of the schemes available.

● **FOOTWEAR** manufacturers in Lancashire are studying proposals to establish an export bureau in an attempt to halt declining sales.

● **BELTON HOUSE**, Lincolnshire, and its historic contents have been preserved for the nation as a result of an £8m purchase by the National Trust from Lord Brownlow, the owner. "Surplus" works of art at the house are to be sold by Christie's.

● **FORD** is stockpiling 500 Escort cars a day at its Halewood, Merseyside, plant as a result of a strike by long distance delivery drivers employed by Silcock and Colling. Acas, the Government's conciliation service, is attempting to find a formula for ending the dispute over 50 redundancies.

● **LAZARD BROTHERS**, the merchant bank, is launching a new unit trust aimed at directing local authority and private sector pension funds into local industry in the north-east of England.

Building societies stand firm on keeping rate cartel

BY MARGARET HUGHES

LEADING building societies in Britain were adamant yesterday that they would not be following the lead of the Abbey National society in withdrawing from the interest rate cartel.

Abbey, Britain's second largest society, announced last weekend that the system operated by the Building Societies Association of fixing interest rates for borrowers and depositors had "outlived its usefulness." In future it would take its own decisions, it added.

The view among Abbey's chief rivals yesterday was that the decision to leave the cartel was largely political and aimed at frightening smaller societies, which have been operating a free-for-all in the fight *for depositors' funds.*

Some of these pay higher interest rates than the big societies, and tend not to comply with a requirement to give 28 days' notice of any proposed change in terms.

Although the main societies have suffered from these moves, they feel the Abbey decision was unnecessary. Mr Calum Macaskill, deputy chief general manager of the Halifax, the largest society, said the *interest rate agreement on deposits* was "by no means rigid." It offered freedom which the Abbey National had "exploited to the full."

As a result of the growing competition for deposits, the five largest societies have this year seen their market share drop from about 60 per cent to 38 per cent.

Mr John Bayliss, a general manager at the Abbey, said yesterday that the society would *not* necessarily be putting up its rate to depositors. They would, more likely, alter the range of products on offer to savers.

Although Abbey's rivals are showing a united front, they privately concede that they would increase their rates if forced to do so.

The implications of this for the mortgage market are unpredictable. But if higher rates succeed in attracting more funds, mortgage *queues could disappear quickly and* societies might find themselves with a surplus of funds for which they had paid a high price.

The position could be even more difficult for them if next year the banks come back strongly into the market for mortgage funds. Abbey's calculation is that under these circumstances the smaller building societies would suffer the most.

Britain has 211 building societies of which 48 are not members of the Building Societies Association. Total deposits of the societies at the end of June totalled £71.4bn, while total assets amounted to £77.8bn.

Vosper and unions fail over reforms

VOSPER THORNYCROFT, the troubled warship builder which could make 1,000 workers redundant over the next months, has failed to win union agreement for sweeping changes in work practices.

The failure is a serious blow for the company's chances of building at least one of the Royal Navy's next two Type 22 frigates and preventing massive cutbacks among its 5,000 workers.

At a meeting with management, officials representing the 3,000 staff at Vosper's Woolston, Southampton, yard where the frigate would be built, dismissed as irrelevant the company's demands for more flexible and disciplined working.

A document presented to the unions listed no fewer than 77 pro-

No official comment was forthcoming afterwards from either management or unions, but one senor union official who declined to be named, said: "Demarcation is said to be the bugbear of British industry, but it isn't.

"Demarcation doesn't matter if your production line is moving smoothly; it's the system that needs reorganising at Vosper," he said.

The official also pointed out that the proposals would inevitably lead to further job losses and could effectively wipe out some trades.

Last month management told workers that acceptance of more flexible practices would enable Vosper to submit a lower tender for the new frigate contracts which are due to be announced in the autumn.

Competing with Vosper for the work are Cammell Laird and Swan Hunter – both of which are located in unemployment blackspots. This factor, together with the high overheads Vosper has to bear as a specialist yard, will also undermine the company's bid.

Vosper has traditionally been one of British Shipbuilders' biggest cash earners, but last year company trading profits fell from £9.3m to £4.5m as it took on lossmaking contracts to prevent redundancies.

Shorts updates missile

BY OUR BELFAST CORRESPONDENT

SHORT BROTHERS, the state-owned Belfast aerospace company, yesterday announced the development of an advanced version of its successful Blowpipe portable missile, to be known as Javelin. The British army is funding a development programme which is already underway.

The company said Javelin was designed to meet the changing needs of ground defence forces. In particular, it would be used against the type of armed helicopter which is capable of launching attacks while hovering some distance from a target.

Like Blowpipe, which scored successes against Argentine aircraft during the Falklands war last year, Javelin could also be used against high speed, fixed-wing aircraft. The main improvement is in the missile's guided system, which makes use of recent advances in video and microprocessing techniques.

Shorts said that Blowpipe, which is at present in use with 16 armed forces, would not be made redundant. Production of both systems would continue side by side.

Development of the missile is an important step for Short Brothers, which needs to maintain its missiles division to complement its aircraft and aircraft components businesses. The company did not disclose the cost of the development programme or the likely level of Javelin sales.

UK growth likely to slacken next year, says bank report

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

GROWTH OF national output in the UK is likely to slow down next year as the pace of shop spending slackens, the National Westminster Bank says today in its latest Economic and Financial Outlook.

The commentary, written by Mr David Kern, the bank's chief economist, suggests that the average annual rate of growth in 1984 will be between 1½ per cent and 2 per cent, after a growth rate of 2½ per cent this year.

Mr Kern also believes that the inflation rate will pick up next year to an annual average of just over 6 per cent compared with 4¾ per cent expected for this year.

He believes the UK current account of the balance of payments will deteriorate, with the surplus falling from last year's revised figure of £5.4bn to about £500m this year and next.

More generally, the bank expects a continuation of the world's slow economic recovery, in spite of the *concern over the difficulties of debtor* countries. It thinks that the recent rapid rate of growth in the U.S. will moderate so that output in 1983 and in 1984 will be 3¼ per cent higher than in the preceding years.

The bank foresees a comparatively stable period for interest rates.

It says: "Although the upsurge in U.S. money supply growth shows signs of easing, some increase in the official discount rate and in prime rates is still possible in the short term. However, sharp rises in U.S. rates seem unlikely, given the adverse effect such a development could have on large debtor countries."

The report suggests a moderate fluctuation of U.S. interest rates in the range of 10 per cent to 12 per cent, during the next 12 to 18 months,

Miners obey union over Scargill

FINANCIAL TIMES REPORTER

POLISH-BORN mineworkers in Nottinghamshire yesterday obeyed a union instruction not to stage a demonstration when Mr Arthur Scargill, the miners' leader, visited a colliery in the area.

They had threatened to challenge Mr Scargill for his recently published attack on the banned Polish independent trade union, Solidarity. In a letter published in a Workers' Revolutionary Party newspaper, Mr Scargill described Solidarity as an "anti-socialist organisation who desire the overthrow of the socialist state."

The Nottinghamshire coalfield employs thousands of Polish-born miners who were angered by Mr Scargill's recent visit to Moscow and by his attack on Solidarity.

Mr Scargill was determined to say nothing about Solidarity yesterday during his visit to Ollerton colliery. He was asked three times if *Solidarity was discussed, and each* time he avoided answering the question. "I have had a wonderful welcome from the men. We have discussed 100 different things in which miners are interested, particularly pensions and early retirement," he said.

One Polish-born miner, Mr Richard Czubkowski, who questioned Mr Scargill, said: "He explained the situation and said his words had been taken out of context. He now says he supports Solidarity and is against the Polish Government. I am satisfied with his explanation."

Mr Scargill will be asked to explain his position on Solidarity at a meeting of the National Union of Mineworkers' executive committee on Thursday.

Mr Scargill will hold his first formal meeting today with Mr Ian MacGregor, the new chairman of the National Coal Board. The occa*sion is a routine meeting of the Coal* Industry National Consultative Council, which brings together representatives of the board and all three mining unions.

However, the agenda includes consideration of the board's 1982–83 report of the industry's poor financial performance. There is, therefore, scope for conflict between the two men on what they see as the future direction of the industry.

Mr MacGregor is expected to declare his intention to press ahead with the programme of closures in an effort to eliminate uneconomic pits.

However, it is by no means clear that he will attempt to move faster than his predecessor, Sir Norman Siddall. Closures are already going through relatively rapidly, and none is being seriously contested by local workforces, in spite of NUM opposition.

SOCIAL DEMOCRATIC PARTY CONFERENCE

Owen urges higher taxes on capital for social justice

BY IVOR OWEN

HIGHER RATES of tax must be imposed on income derived from capital assets if Britain is to become a more equitable society, showing greater compassion for the unemployed and other socially deprived groups, Dr David Owen declared in his keynote speech to the Social Democratic Party's annual assembly in Salford, Lancashire, yesterday.

Firmly setting the posture he wants the party to adopt at the next General Election, the SDP parliamentary leader called for a combination of "toughness and tenderness" which would clearly distinguish it from its Conservative and Labour rivals.

Dr Owen emphasised that radical proposals for reforming and simpli*fying the tax system must be a pri*ority objective in the next stage of policy formulation.

He suggested that current government policies were unlikely to lead to a sustained revival of the economy and warned that a programme of work sharing might have to be considered as a means of mitigating a situation in which the number of people unemployed was "morally unacceptable."

Dr Owen, whose central theme was the need to be frank and open about the party's aims, underlined the need to link together in the public mind the politics of prosperity and the politics of poverty so that they saw no incompatibility whatever in striving for efficiency as well as greater equity.

Dealing with the inadequacies of the present tax system, he declared: "We must take a careful look at redressing the balance of taxation between earners and owners, and especially the owners who spend heavily out of capital but do not invest.

> ‘We must be the monopoly breakers, the cutters of regulations and bureaucracy’

"Capital taxes bring in barely £1bn a year, equal to roughly 1p in the pound in income tax. Less than *half as much is raised by capital* gains tax and estate duty as a decade ago. That goes some way towards explaining why the tax system has not done more to reduce inequalities."

Dr Owen said the SDP's task was to marry its proposed basic benefit (combining the principal means-tested benefits) with serious tax reform in a way which grappled with the problem of low pay by creating the reality of a minimum wage.

Such a development, he contended, would achieve more than would ever result from minimum wage legislation. He hoped it would be possible to convince both the Trades Union Congress and management bodies that it was the most constructive path.

Dr Owen identified the SDP's greatest weakness in the last general election campaign as its failure to convince the electorate that it could deliver its pledge to cut unemployment.

He said that the lesson was that the SDP must define the social market economy more stringently. "The key question is, how do we promote competition and the efficient allocation of resources?"

The SDP leader continued: "We must be the monopoly breakers, the cutters of regulations and bureaucracy that restrict consumer choice and add to unit costs." Dr Owen dismissed the Government's claim to have a competition policy by citing its refusal to allow the London Stock Exchange to be subjected to scrutiny.

He argued that more would be achieved through the liberalisation of telecommunications services *than would be gained* by the Government's plan to privatise British Telecom.

He believed that in addition to liberalisation, the granting of franchises offered great potential for improving efficiency within the state sector.

Dr Owen strongly restated the need to devise a permanent incomes policy and the case for establishing arbitration procedures and non-inflationary comparability mechanisms in public service monopolies.

On defence, he maintained that Prime Minister Margaret Thatcher's refusal to accede to demands that U.S. cruise missiles deployed in Britain should be subject to a "dual key" control system did not justify an automatic decision to reject them altogether.

Dr Owen was given a standing ovation.

APPOINTMENTS

Chloride Group finance director

Mr David Hankinson has been appointed director, finance and central services of CHLORIDE GROUP, from October 10 and will be appointed to the board on October 13. He joins Chloride from Wilkinson Sword Group where he is currently finance director. Prior to that he was group finance director of Guthrie Corp. He succeeds Mr Mike Sharman who will be leaving the group on September 30 to pursue his own business interests.

Mr David Hankinson, finance and central services director, Chloride Group

★

Sir David Nicolson has been elected president of the ASSOCIATION OF BRITISH CHAMBERS OF COMMERCE, in succession to Sir Monty Finniston. Sir David is chairman of BTR and of Rothmans International.

★

Mr Graeme S. Pentecost, at present the BANK OF NEW ZEALAND'S senior vice president and manager in New York has been appointed regional manager, UK and Europe of the Bank in London from October 10. Mr Gerald Scott the Bank's present regional manager is to retire on that date.

★

SWISS BANK CORP. INTERNATIONAL has made the following senior management appointments: **Mr A. M. B. Large**, managing director and chief executive, becomes chief executive and deputy chairman; **Dr W. B. Schick**, managing director and joint chief executive, becomes deputy chairman; and *Mr T. M. van der Beugel and Mr J. A. de Gier*, executive directors, become the managing directors.

★

Mr Ben Strickland, a director of J. Henry Schroder Wagg & Co., has been appointed a director of SCHRODERS from October 1. From October 1978 to June 1982 he was chairman and chief executive of Schroder, Darling, one of Australia's leading merchant banks with offices in Sydney, Melbourne and Perth.

★

CATALYTIC INTERNATIONAL INC. has appointed **Mr Brian Street** as a non-executive director. He is chairman of Air Products.

★

The LIVE SERVICES GROUP, Harrow, has appointed **Dr Ronald Ryde** as managing director of Gateway Communications. **Mr Christopher John Rumsey** has been appointed managing director of Live Services.

★

Two Humberside men have been appointed to the investment committee *of* THE RIDINGS UNIT TRUST, an unauthorised exempt unit trust set up by Lazard Brothers & Co. earlier this year to channel pension and charity funds into a diversified portfolio of quoted and unquoted small companies situated in the Yorkshire and Humberside region. They are a solicitor and member of the Hull Junior Chamber of Commerce, **Mr George E. Wright**, and **Mr David D. Osborne**, managing director of the Beverley firm, Humberside Properties.

★

Mr Willy Watson, formerly commercial director of Transmitton's energy division, has been appointed marketing director of INFORMATION TRANSMISSION.

★

Mr Barry Smith, managing director of BOWMAKER (PLANT), Cannock, has stepped down as MD but will continue on the board until his retirement on September 30. With the agreement of Finning Tractor and Equipment Co., Vancouver, Bowmaker's new owners, **Mr Bert Morton** becomes managing director from that date. Mr Morton joined Bowmaker in 1955. In November 1979 he was appointed assistant managing director with responsibility for product support services.

★

Mr Peter B. Fielding, who until recently was managing director of ESAB UK, has joined the board of ENGINEERING AND WELDING SERVICES as marketing and development director.

★

Mr Robin Eyres has been appointed special projects director reporting to the board of INTERNATIONAL THOMSON ORGANISATION. Managing director of Thomson Directories for five years, he continues as a director *of Thomson Information* Services and will additionally join the boards of several ITO subsidiary and associated companies. His project activities will cover the UK, Europe and the U.S.

★

Mr John E. Townend has been co-opted to the board of the EAST SURREY BUILDING SOCIETY to fill the vacancy caused by the death of **Mr J. H. Alleyn**. **Mr Townend**, MP for Bridlington, is vice-chairman of the Conservative backbench finance committee, founder chairman of the Merchant Vintners, and is an underwriter at Lloyd's.

★

Mr John Coghlan, who retired on July 31 as deputy director general of the National Sports Council, has been appointed as a sports development consultant to the MODULE 2 GROUP OF COMPANIES, Bridgend.

★

Mr Illtyd Lewis has been appointed executive director of the TEA COUNCIL. He will be responsible for the generic promotion and marketing of tea in the UK. He succeeds **Mr Jim Munday** who is joining the Meat Promotion Executive as its new director of meat promotion. Mr Lewis joins the Tea Council from a firm of management consultants; prior to this he was general marketing manager of Smedley HP Foods, part of Imperial Foods.

Mr Illtyd Lewis, executive director of the Tea Council

★

PALMER & HARVEY has appointed **Mr John Chedzoy**, managing director since 1970, as deputy chairman and managing director. **Mr Philip Hudson** becomes joint deputy managing director. He was previously marketing operations director.

★

Sir Peter Carey, formerly permanent secretary at the Department of Industry, will be joining the board of BPB INDUSTRIES as a non-executive director from September 28.

★

ROUTLEDGE & KEGAN PAUL has appointed **Mr Philip Sturrock** as group managing director from October 31. He is currently managing director of Pitman Books.

★

CURRYS GROUP has appointed **Mr Jeff Benson** as a non-executive director. Among other appointments, he is a deputy chairman of National Westminster Bank, having retired as group chief executive of NatWest at the end of last year.

★

Mr D. Feasby, Mr K. D. Harding, Mr T. A. Notley and Mr W. O'Farrell have been appointed to the board of WOODHOUSE, DRAKE & CAREY (HOLDINGS). **Mr J. B. R. Morris** has been appointed vice-chairman.

★

Mr Donald M. Muirhead will be appointed president of the CONSUMER CREDIT ASSOCIATION of the United Kingdom at its fifth annual conference and annual meeting on September 21. He is chairman of Donald Malcolm Muirhead (Finance), Plymouth.

★

Mr A. E. McCracken, managing director of NICOL & ANDREW (LONDON), is to retire on September 30, though he will remain on the Board as a consultant. From October 1, **Mr V. P. Davies** becomes managing director. He joined Saville Tractors (an associate company) in July, 1972. He joined Nicol and Andrew as financial director and in April was appointed managing director designate.

★

HIGH-POINT SERVICES GROUP has appointed **Dr Harold K. Goldstein** as an executive director. He was a merchant banker for 13 years with Lehman Brothers Kuhn Loeb, serving in New York, Paris and, as a director, in London.

CONTRACTS

IDC build £6m warehouse

IDC, Stratford upon Avon, has been awarded a £6m contract for the design and construction of Sony's national distribution centre at the Royal Berkshire Centre at Thatcham near Newbury. This new facility will become the central distribution operation for the bulk handling of all consumer product. The 13 month contract when completed will provide over 20,000 sq m of floor space.

★

A UK division of **EMHART CORPORATION**, Connecticut, has received a $2.3m (£1.5m) order for tyre-making equipment for a Canton, China, tyre factory. The order was placed with Emhart's Farrell Bridge unit in Rochdale, Lancashire, by the Dunlop Tyre Company which has been retained by China's Guangzhou Rubber Bureau to supply technology, plant and equipment to the modernised tyre plant. The machinery is expected to be installed in the spring of 1984.

★

The Maidstone-based combustion division of **PEABODY HOLMES** has received an order worth $400,000 (£268,000) to supply burners and associated combustion equipment to the National Refinery, Pakistan. The contract was negotiated and placed, on behalf of the National Refinery, by Industrialexportimport of Rumania.

★

H. H. ROBERTSON (UK) has won a contract worth £214,000 to supply Formawall cladding and a glazing system to the Cleveland shopping centre in Middlesbrough. The materials will be used on an extension to the existing building. The Formawall panels will be fixed on to one of the main entrances together with the glazing system. *Some 1,500* square metres of Formawall have been specified by architects Bradshaw, Rowse and Harker of Liverpool, for their clients the Legal and General Assurance Society. The company will also supply and fix the secondary steelwork to support the Formawall cladding.

★

HI-DRAW MACHINERY of Romsey, Hants. (in association with the Vaughn Division of Wean United of Pittsburgh, U.S.) have been awarded a multi-million dollar contract from the Goodyear Tire and Rubber Co., Akron, Ohio, for the supply of wire drawing machinery. All the machinery will be manufactured in the UK including electrical equipment comprising dc motors and thyristor converters with associated control gear. The machinery forms part of a green field site in North Carolina for the production of fine steel wire used in the manufacture of steel belted radial tyres.

★

HARRIS CORPORATION has been awarded a contract from Waterway Communications Systems, Inc. (WATERCOM), of Jeffersonville, Indiana, U.S., for the design, manufacture, construction and maintenance of a new marine telephone system covering more than 4,000 miles of inland waterways. Total value of the turnkey contract is estimated at $12m. For the first time, a single telecommunications network will be available to commercial vessels on the Mississippi, Ohio and Illinois rivers and the Gulf Intracoastal Waterway providing them with automatic, direct-dial telephone service.

★

A new method of drinks packaging, developed by **JOHN WADDINGTON**, Leeds, will be used in the U.S. as a result of an agreement between Waddingtons and the giant U.S. brewing and packaging firm, Coors. The Adolph Coors Company of Colorado will manufacture under licence the Waddington's "neckline" multi-packaging system for bottles, launched earlier this year. Neckline is a form of packaging which holds two, three, four or six bottles together in a neat multipack at the neck of the bottle. It was developed to capitalise on the growing retail market for multipacks in supermarkets and off-licences. Its advantage over existing multi*pack cartons is that it holds the* neck of the bottle, so displaying the product to its fullest benefit.

★

The Austin Rover Group has renewed contracts with **MORSE FLEXON** of Letchworth for the supply of timing chain and tensioners for installation in Maestro 1300 and Metro cars. The contracts are worth £200,000 in a full year.

★

WESTCODE SEMICONDUCTORS has won a contract worth £1m for power transistors to be used in variable frequency, variable voltage, onboard inverters in rail cars designed for a rapid transit suburban rail system. The project is said to be the world's largest single application of very high-power transistors.

★

The International Maritime Satellite Organisation (Inmarsat) has awarded a U.S.$215,000 contract aimed at studying certain technical aspects of providing aeronautical communications by way of the system. Inmarsat, the London-based organisation of 39 member countries, currently provides satellite communications to the worldwide shipping and offshore industries. The contract was awarded to **DECCA ELECTRONICS** in conjunction with **MILLER COMMUNICATIONS SYSTEMS** of Canada. The study encompasses the following topics: Propagation effects on aeronautical satellite links; antenna systems; modulation and coding methods; and overall aircraft earth station (avionics) integration.

The Maritime Satellite Organisation has already said that its new satellite system would include a capability for aeronautical satellite communications, for use by the aviation community if it so chose. The new satellites, which will replace the existing *satellite system*, are to be launched starting in 1988. A request for proposals from satellite suppliers was made public in early August. Deadline for receipt of tenders is April 1984.

★

BAJ/VICKERS has won a contract worth around £700,000 to supply adaptor valves (probes) to the Ministry of Defence over the next two years. The adaptor valve is used in connection with a high pressure gas cryogenic system and provides the means of rapid connection and disconnection for gas storage vessels to thermal imaging equipment used by the British Army. The valves will be used on night vision equipment for projects such as the Milan anti tank system and the Chieftain and Challenger tank systems.

★

IMI MARSTAIR, part of the Birmingham based IMI metals group, has won a contract to supply all room air conditioning equipment to the Department of the Environment over the next three years, mainly for overseas posts and embassies. The contract will be worth at least £750,000 over the period.

★

HALIFAX TOOL COMPANY, a member of the Marshalls Halifax Group has won an order, worth about £150,000, to supply a Halco Varitork 586 water well drilling machine to the Sri Lanka National Water Supply and Drainage Board.

TECHNOLOGY

EDITED BY ALAN CANE

Camera innovations

Video & Film

BY JOHN CHITTOCK

IN THE PAST 20 years, when image recording processes have undergone a revolution, there has been such an obsession with the technology of film and video that the uses of the media have tended to be taken for granted.

It has taken Kodak, a company whose business is under serious attack from video, to demonstrate just how innovative camera users can be — not least of all when employing old-fashioned photo-sensitive recording materials.

For over 12 years now, Kodak in UK has been running an annual photographic bursary scheme — making grants to an extraordinary variety of applicants who seek finance for unusual applications of photography. In the 1983 bursaries recently announced, a total of £10,000 was awarded in various amounts to seven successful applicants (from a field of 180).

Novel

Some of the ideas are not only novel, but socially extremely important. Thus the project from Mr Ronald Graham, a reader in photographic sciences but, in his spare-time, a microlite pilot. Mr Graham has won a Kodak bursary to adapt aerial photographic survey techniques so that they can be used in a tiny 250 cc microlite aircraft.

Conventional aerial surveying uses large and heavy cameras of 23 x 23 cm format in twin-engined, two crew aircraft. Mr Graham has now adapted the microlite to carry out acceptable aerial survey work with a 70 mm Hasselblad camera.

The social importance of this may at first seem insignificant. But many developing countries, for whom aerial survey work is crucial in exploiting natural resources, cannot easily afford conventional aircraft and highly trained crews. And even when they can, the areas where surveying is most needed will often lack airstrips and take-off space; but a microlite can, of course, minimise all of these problems.

Even more innovative is a system of medical illustration devised by a 34-year-old British subject, born in Thailand and now working at Bury St Edmund's hospital, Mr Satapron Saikul has hit on an extremely simple yet realistic way of illustrating human organs in medical education. The internal parts of the body — or plastic reproductions of the organs — are photographed as 35 mm colour transparencies which are then projected on to a nude model in the correct position and re-photographed. The effect is quite stunning, three-dimensional, and potentially quite invaluable in the specialised field of medical illustration. Mr Saikul's submitted examples were executed at home — using his wife as a model — but he now has £2,000 to finance the work more seriously.

Invariably such applications stem from the enthusiasm of a lone photographer, pursuing an idea or even an ideal — such as Ms Franki Raffles, a freelance from Edinburgh. Working with severely handicapped children, Ms Raffles realised that photography might provide for them a unique vehicle for self-expression — unavailable through painting, for example, because of the severity of their incapacity.

> "Some of the ideas are not only novel but socially extremely important"

In making her submission for a grant, Ms Raffles prepared photographs of badly handicapped children using instant cameras. The picture series told their own story. Children who could barely manage to hold a camera and press the button, suddenly — for the first time in their lives — were able to see something they had created for themselves; within seconds, undreamed of elation is realised as snapshots of their friends develop before their eyes.

Ms Raffles is now endeavouring to take the children farther down the road of photography, stretching their physical and mental abilities into using simple 35 mm cameras.

Applied photography has been around at least since 1877 when Eadweard Muybridge used a photographic picture series (operated by trip wires) to settle a bet about the way a horse gallops. But video is coming along fast in a variety of applied situations — ranging from high speed movement analysis (ironically Kodak themselves have developed such a camera and use it in factory processes) to single frame by frame monitoring for security purposes.

Replacement

Such developments are adapted from photographic techniques and replace photographic emulsions. High speed movement analysis is difficult on film because the micro-second duration of the event is difficult to predict when "pressing the button"; on video, the recording can run continuously in a cycle of recording and erasing until the event happens. With time lapse security monitoring, 24 hours a day, film is expensive and not re-usable like videotape.

Nonetheless, it may take video 100 years to challenge the quality of work tackled by two other bursary winners. Quite independently, each are using their grants to bring to public view important sets of historical negatives.

Mr Michael Gray is making facsimile calotypes from some of the 1,000-odd Fox Talbot negatives at Lacock Abbey of which some, surprisingly, have never been printed. And Ms Irene Rhoden, a photographer at the National Gallery, has discovered a large collection of ¼ plate negatives in Hastings which she is now printing with the aid of her bursary. These pictures were taken by a Mr George Woods, a 19th century stockbroker who photographed Hastings Harbour and beach with a style and atmosphere evocative of the famous Frank Sutcliffe, who immortalised Whitby.

Video cannot emulate such beauty. And in all probability, the videotapes of today will not not be reproducible 100 years hence — because compatible technical facilities will not exist; if, indeed, the magnetic recordings would last that long anyway.

MATERIALS

Crucible analysis costs cut

A METALLIC sandwich material developed by Johnson Matthey Metals for the analysis crucible market will, it is claimed, reduce costs by between 30 and 50 per cent.

A recurring and considerable cost for laboratory and industrial analysts is the platinum crucible in which the material for analysis is contained.

Platinum is used because it is virtually inert and does not contaminate the analysed material. Furthermore, in a form developed by JMM some time ago called zirconia grain stabilised (ZGS), the metal *offers high mechanical stability* and high temperature strength.

Expensive

However, the metal is expensive and since it is only the outside layers that are in contact with the crucible contents, JMM decided to develop a sandwich composition with ZGS platinum outer layers each 25 per cent of the total thickness. The remaining 50 per cent consists of the generally similar but much cheaper metal, palladium. The sandwich material is called TriM.

The outer layers of ZGS platinum retain their inherent advantages of strength at high temperatures, resistance to grain growth and "creep" of the metal, and resistance to progressive contamination.

The care material, palladium, is a member of the platinum group of metals and has metallurgical characteristics completely compatible with platinum.

Stress

Stress and rupture values of TriM are said to be excellent and it has been used successfully at temperatures up to 1300°C.

The company says that in terms of scrap recovery, the metal recovered from two platinum crucibles when sent back to JMM's precious metals recovery department will approximately cover the cost of three replacement TriM crucibles of an equivalent size. More on 01-902 8864.

GEOFFREY CHARLISH

EIGHT NATION METEOROLOGICAL SATELLITE PLAN

Jumbo weather watchers

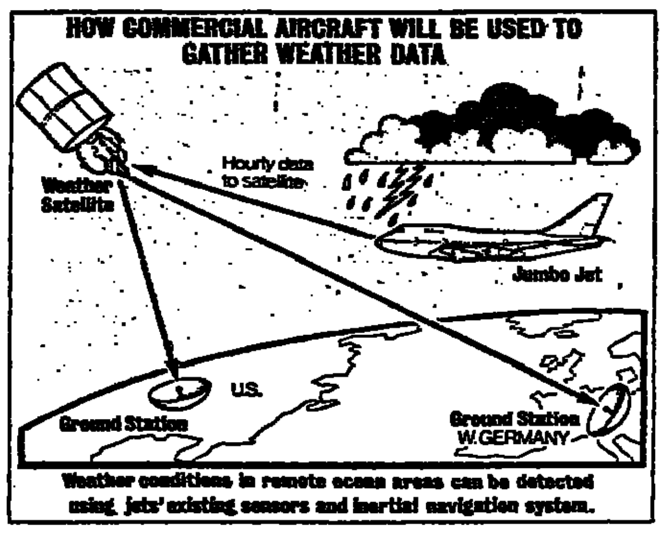
BY ELAINE WILLIAMS

BEFORE THE end of the decade many of the world's wide bodied jets may carry computers which gather weather data. Today the World Meteorological Organisation in Geneva is to sign a contract with a British company to turn prototype equipment into a commercial product.

Eight countries are participating in the project which it is hoped will improve weather forecasts around the world and save airlines' fuel by planning routes to avoid the full effects of bad weather.

GEC McMichael, part of the GEC group, won the contract, worth about U.S.$500,000, against competition from three U.S. companies including the giant Bendix corporation and Teledyne.

HOW COMMERCIAL AIRCRAFT WILL BE USED TO GATHER WEATHER DATA



Weather conditions in remote ocean areas can be detected using jets' existing sensors and inertial navigation system.

The Aircraft to Satellite Data Relay (ASDAR) project will automatically collect data on weather conditions in the upper atmosphere and transmit information to the meteorological satellites circling the earth. Plans are to use the system on Boeing 747s and DC10 initially.

In essence, the ASDAR system consists of a small on-board computer which takes information from the aircraft's own inertial navigation guidance system. This has data on wind speed in the upper atmosphere, temperature, altitude and the location of the aeroplane as the weather observations are made.

This information is relayed automatically at hourly intervals to the weather stations via one of four satellites. Two are U.S. such at Meteorsat, one is Japanese and the other is European. The ASDAR processor collects information every seven and a half minutes and transmits the information in batches of eight. Happily, it is possible to transmit messages to all satellites using the same frequency.

Approximately £750,000 has been raised in funds from the eight countries participating in the ASDAR project. The UK, the U.S. and Saudi Arabia are the main contributors to the project. Others funding are Canada, Australia, New Zealand, the Netherlands and West Germany.

Within two years the ASDAR system will be turned into a commercial system and by 1986 about 50 units should be operating on airlines' jets. Mr Jim Giraytys at the World Meteorological Organisation in Geneva commented that the aim would be to have more than 200 wide-bodied jets linked into the system. British Airways carried one of the experimental systems and British Caledonian, TWA and United Airlines are all willing to participate in the next phase.

The ASDAR project started officially in 1981 after initial work which started more than a decade ago. The World Meteorological Office used Nasa technology for the prototype system and 18 units were built to prove the techniques. Mr Giraytys said that at one point eight international airlines had trial systems on board their aircraft.

The benefits of the ASDAR system, said Mr Giraytys, was the ability to receive automatic information about weather conditions in the upper atmosphere. Neither the pilot or his crew need do anything during the flight.

Such information would give more reliable and more frequent data on upper atmosphere conditions. Today such information is usually gathered by sending up balloons equipped with expensive radio sondes. At most two such observations can be made during the day, and none at all are used over large areas of oceans — where aircraft tend to have their routes.

Mr Giraytys said that there was also added benefits for airlines in that the system could be used for take-off and landing, and for plotting optimum long distance routes to reduce aircraft fuel consumption.

Another possible use of the system could be for emergencies to help locate off-course or missing planes such as the recent Korean Air Lines disaster. Because the ASDAR system automatically transmits every hour it would be possible to give a more accurate idea of the plane's position before disappearance.

Mr Giraytys, however, said that there were certain barriers to the system's use in distress. There is no infrastructure to alert authorities about possible disasters and weather satellite ground station operators are reluctant to take on such responsibilities without a suitable reporting network. Though this application has been discussed for three or four years, and despite the U.S. Air Force's enthusiasm, no progress has been made and shows no signs of doing so.

The main aim though, is to improve weather reporting. Pilots already give verbal reports and are an important input to the world meteorological data base. However, such reports are only available at standard longitudes and are subject to long delay—up to 12 hours—because of manual processing.

When operational the new system takes information in two ways: every seven and a half minutes during high altitude cruising but at a much smaller interval during take-off and landing when an aircraft can experience considerable atmospheric changes.

Vision

Market growth

THE MARKET for intelligent industrial vision systems will grow tenfold in the 1982-87 period to about $500m (constant dollars), according to a report* from Frost and Sullivan, the market research company.

The report covers only intelligent systems and so excludes straightforward imaging systems, optical digitisers, scanners and character readers—themselves a considerable market.

Robotic applications will account for much of the growth, says F&S, uses in this area jumping to 26 per cent from only 10 per cent last year. Meanwhile, inspection and measurement uses will drop from 60 to 38 per cent. The share of the third major application area, part identification, will rise slightly from 30 to 36 per cent.

U.S. market leaders in 1982 were General Electric of the USA, View Engineering, Diffracto and Automix. More from London office on 01-486 8377.

Machines

Faster tool changes

MACHINE TOOLS makers are showing new vigour in attacking the chief limitation to productivity in their products — tool changing and material handling time.

According to published research this can account for up to 60 per cent of total available production time.

Warner and Swasey's new high speed computer controlled punch press, the Quantum 2000, tackles the problem with twin punching heads, automatic offload of completed parts and offline tool changing.
More on 04215 60266.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Caution among the bankers

Tim Dickson reports on why many applicants for guaranteed loans are finding that stricter lending criteria are being adopted

SIGNS ARE emerging that one of the Government's key measures for boosting smaller businesses is still not working properly.

Ministers and officials at the Department of Trade and Industry believe that a significant number of companies with good propositions applying funds under the Loan Guarantee Scheme have recently been turned down because the banks are adopting stricter lending criteria.

Head office bankers admit that branches may have tightened up their guidelines in the last few months, but they are also adamant that their managers are now administering the scheme responsibly and fairly.

These developments are taking place just when the accounting firm Robson Rhodes, author of a report published earlier this year on the first 50 failures under the Loan Guarantee Scheme, is embarking on an important new study for the Department of Industry. Although not yet officially announced, the exercise is likely to concentrate on a bigger and more representative sample of companies (probably 100 survivors and 50 failures), together with a separate telephone survey of other participants. The findings should form the basis later this year for key decisions on the long term future of the scheme.

Set up in June 1981 the Loan Guarantee Scheme is still officially at an experimental stage, with the "pilot" phase due to end in the middle of next year. The objective has broadly been to increase the flow of money from the banking system to *viable* small businesses by offering Government guarantees on 80 per cent of "approved" loans from 30 major lending institutions. In return a 3 per cent premium is paid by the borrower on the guaranteed portion. This, of course, is in addition to the banks' own margins — anything, among the major banks from an extra 1½ per cent at the Co-op Bank to 2½ per cent at Barclays and Midland.

In spite of the high cost of the funds, the response from borrowers has been far greater than expected and the Government ceiling on the scheme has repeatedly had to be raised (following the allocation of a further £300m in March it now stands at £600m).

EARLIER this year the Government launched a major advertising campaign to promote more widely the many measures which have been introduced to help small businesses. The campaign, however, had to be cut short when the General Election was announced and £0.5m of the budget remains unspent.... While officials at the Department of Trade and Industry are currently assessing the impact of the advertising so far, several new developments are already emerging as this, the first in an occasional series on major Government schemes, indicates. Areas will include the Small Engineering Firms Investment Scheme, the Business Expansion Scheme and the Support for Innovation programmes.

Latest figures from the DTI show that, between June 1981 and the end of last month, a total of 11,840 guarantees was approved to a value of £390.4m. Demand may have tailed off marginally, but interest in the scheme is still intense and, since June, applications appear to have been running consistently at about 500 to 600 a month.

Success, however, will not be measured by numbers alone and among major causes of concern have been the way some managers were administering the scheme and the apparently high failure rates of the businesses being backed. The earlier Robson Rhodes reports drew attention to certain deficiencies—such as inadequate monitoring and irresponsibly high debt to equity ratios and predicted, albeit tentatively, that as many as one in five of companies receiving loan guarantees could go under. Latest official figures show that claims made to the DTI against losses exceed premium income by about £17m.

Earlier this year, however, the government's major worry appeared to be the possibility that individual applicants with substantial personal resources had shown insufficient commitment to their projects. In March the then Minister with responsibility for small firms, John MacGregor, urged banks "to take full account of this" though he also stressed that "the total ban on the taking of personal assets or guarantees as security for Scheme loans is to stay."

Anxiety about their mounting losses, plus MacGregor's warning appear to have influenced the banks to change their policy towards new borrowers. The question is have they gone too far?

Anecdotal evidence from the DTI's 12 Small Firm Centres suggests that loans in some areas are only being offered to borrowers if they agree to take out a normal commercial facility as well (and provide adequate security at the same time).

This idea of using the Scheme to "top up" a package of lending was encouraged by Robson Rhodes and seems to have been widely adopted by the major banks. But the DTI is anxious that managers should not forget that the scheme's main purpose is to fund good business ideas from businessmen without a track record or genuinely without adequate security.

Senior bankers, meanwhile, insist that branch managers now have a much better grasp of how and when to use the scheme. "Every case is different," admits John Kirkwood, small and medium business financial adviser at Lloyds, "but there are certain guidelines which our managers are applying. We are certainly looking for commitment on behalf of the borrower, but this doesn't just mean cash or security. We are also trying to avoid encouraging businesses which have too high a debt to equity ratio and we are paying much more attention to monitoring loans."

Kirkwood, moreover, points out that the purpose of the scheme is to provide "additional" lending from the banking system. He cites a recent case of a customer who had agreed to borrow money using his mother's house as security. "When the mother heard about the Loan Guarantee Scheme, she kicked up a hell of a fuss and said 'The Government can take the risk, not me.' That was in spite of the fact that the original loan was cheaper than the Loan Guarantee alternative. If the manager in question had bowed to the pressure I do not think this could have been called 'additional' lending."

Barry Baldwin, national spokesman for the Union of Independent Companies and a keen supporter of the loan guarantee concept, welcomes the decision of banks to tighten up their guidelines. "What always worried us was that the high level of failures would encourage the Government to keep the premium at 3 per cent. If there are fewer failures to finance the premium should be reduced to 1 per cent and the banks themselves should lower their margins below what they charge fully commercial borrowers."

Tax shelter inspires Californian 'clones'

PSST! Fancy investing in a "corporate clone"? Or perhaps even working for one?

If Daniel Montano, enthusiastic senior vice-president of a small American securities house has his way, you could get your chance in the next few months.

Montano, head of corporate finance at California-based First Wilshire Securities Management, has spent much of the past year investigating investment opportunities in Britain. But in particular his mind has been busy on the bright idea of using the Government's Business Expansion Scheme — a highly attractive tax shelter for highly paid individuals — to finance and establish new UK-based European operations for small and medium-sized Californian companies.

These "corporate clones," as he dubs them, will be separate "stand alone" businesses doing their own selling, marketing and manufacturing and (in order to qualify for the Business Expansion Scheme) a majority of their shares will be owned by UK investors. But as Montano emphasises, "they will not be pure start ups. All the proven technology, engineering and marketing expertise in the Californian companies will be at the disposal of their UK offspring."

"Technology transfer" has been a fashionable concept on both sides of the Atlantic for some time. But, while there are naturally risks with the Montano approach his plan for a phased programme of Californian "clones"—financed by the Business Expansion Scheme rather than venture capital funds—is at least novel and certainly ambitious.

His first guinea pig—Datapower Inc of Santa Ana, California—is already lined up to test the market and, in time honoured West Coast style, a chief executive "eager to get a piece of the equity" has been hired to mastermind the new UK operation. This will probably be based somewhere in the Thames Valley. He is Bill Devitt, ex U.S. air force weapons engineer and former chief executive of Air Industries Corporation of California.

Datapower Inc was set up in 1969 but changed hands two years ago when the current chairman, Frederick McKee, took a controlling stake. Its main business is the design and manufacture of power supplies—electronic subsystems which convert alternating current into direct current and which are used by original equipment manufacture (OEMs) in computers and computer peripherals.

Although results over the past few months have improved, the company's fortunes in recent years have been mixed. Net revenues for the year to end March, for example, were 6 per cent lower at $8.9m, pitching Datapower from a small profit into a near $350,000 net loss. The company blames the recession last year for this setback but management problems in the wake of the takeover are also believed to have been responsible. Montano points to the three month period ended June 30 this year when net income was back in the black at $176,000. (This included a $48,000 extraordinary credit.)

While he believes that the European market for power supplies will expand rapidly in the next few years—a view shared by Simon Knott of stockbrokers Greene and Co which will help with the issue—on his own admission he has not had an easy time persuading everyone to share his enthusiasm.

"Technology transfer," for instance, sounds fine in theory but a product which sells well in the U.S. market place is not guaranteed ready acceptance in Europe. A recent example of the difficulties that can arise are illustrated by the experiences of American Monitor International (AMI), a company set up jointly in Belfast by the Northern Ireland Industrial Development Board and American Monitor Corporation of Indianapolis. AMI, which manufactures a highly sophisticated blood analyser based on technology developed by AMC found that start up costs were higher than anticipated and had to be refinanced earlier this year, albeit with an imaginative funding package. Significantly, some of the proceeds came from individual investors expecting to qualify for tax relief under the Business Expansion Scheme.

Meanwhile, for the UK Datapower operation, much will depend on the team of engineers and salesmen hired to run it. For though the Californian company is developing a new product it hopes will prove to be a winner, the power supplies from which it derives the vast majority of its income at the moment contain no technological breakthrough. Although it believes they are better and cheaper than the competition, Datapower's performance, like many small companies, rests largely on its ability to offer customers a fast and efficient service.

Marketing the issue is another hurdle which Montano is well aware has to be jumped. "Tax shelters" are sold as aggressively as baked beans in the U.S. but, the success of a couple of managed funds aside, promoting the Business Expansion Scheme is still proving a hard slog. Approaches by First Wilshire to a couple of blue blooded British financial institutions, Montano, admits, ended in a quagmire of indecision.

"I think some of them were put off by our plan to reserve about 10 per cent of the shares for the managers. This is a very important part of the motivation. If you want commandoes, it's no use hiring pacifists."

Tim Dickson

Profile of the female entrepreneur

HOW LONG will Britain continue to turn its back on the job and wealth creating potential of half the poulation?

This is the provocative challenge of Manchester Business School researchers Jean and David Watkins, joint authors of a new paper highlighting the obstacles facing female entrepreneurs.

Evidence for the Watkins' findings—which were presented at the recent National Smalls Firms Policy and Research Conference in Durham—is based on a survey of 49 successful independent businesses in the UK run by women. Comparing the sample with a similar group of male entrepreneurs they found that, like men, women are often influenced by their parents to establish their own business, but that, unlike men, they tend to be relatively young at the "start up" stage, to have suffered from an education which they considered largely irrelevant to their job, and to have enjoyed little previous managerial experience in their earlier careers.

Moreover, whereas most of the men interviewed had chosen self-employed occupations related to their academic qualifications or previous career, the decision of women to go it alone was generally "determined not by logic but because of a strong motivation to autonomy and achievement, which had been frustrated by the individual's prior training and background."

The Watkins argue that these differences are often not appreciated, particularly by those running and organising the many university and polytechnic based New Enterprise Programmes and Small Business Courses up and down the country. Indeed, much to the researchers' surprise "lack of business training" (e.g. finance/accountancy skills) was the area of concern most frequently cited by the women in the sample. The authors suggest that the present criteria for joining these programmes, their content, and the way they are structured are likely to discourage or disqualify potential female entrepreneurs.

They conclude: "Over the past few years there has been a substantial growth (in the UK) in the number of management programmes aimed exclusively at women. How long will it be before specific training for female owner-managers becomes the accepted norm here that it is in the USA?"

T.D.

In brief

THE London Business School is starting its ninth New Enterprise Programme on November 14 with further programmes planned for January and February next year. The courses combine a four-week residential session with a 10- to 12-week project. Details from Miss Sue Coan, London Business School, Sussex Place, Regent's Park, London NW1 4SA.

●

"TELEPHONE BILLING" is the theme at a forthcoming business lunch organised for September 21 by the Northamptonshire Chamber of Commerce and Industry. A British Telecom representative will be on hand to discuss disputed bills, the metering of calls and action to take to keep telephone costs down. Details from Mrs Sheena Harland of NCCL, on Northampton 22422.

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The seminar is to be held at the University of Aston Management Centre, Birmingham B4 7DU on FRIDAY 28th OCTOBER '83.

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Details of other short courses are available on request.

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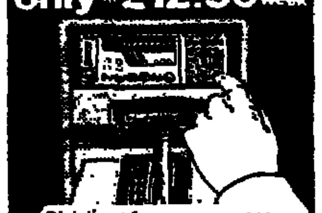

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*Write in the first instance in strictest confidence to:
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Readers are recommended to take appropriate professional advice before entering into commitments

London American Energy N.V.

Notice to Shareholders

A distribution of $120 per share and a dividend of $30 per share was approved by the Directors of the Company on 9th September 1983 and is payable on 18th November 1983.

Payment of distributions on registered share will be made in dollars to or to the order of the holders of record on 8th November 1983.

Payment of distributions on bearer shares will be made in dollars by cheque or by transfer to an account maintained by the payee with a bank in New York City against presentation of coupon numbers 5 and 6 respectively at the offices of J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS or J. Henry Schroder Bank & Trust Company, One State Street, New York 10015 or Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.

London American Energy N.V.
12th September 1983

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COMPANY NOTICES

Ford

BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 14 July 1983, NOTICE is now given that the following DISTRIBUTION will become payable on or after 14 September 1983.

Gross Distribution per Unit	1.500 cents
Less 15% USA Withholding Tax	0.225 cents
	1.275 cents
Converted at 1.505	= £0.00847176

Claims should be lodged with the DEPOSITARY: National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ on special forms obtainable from that office.

United Kingdom Banks and Members of The Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

Date: 13 September 1983

CANON INC.

NOTICE IS HEREBY GIVEN that at a Meeting of the Board of Directors of the above company held on 1st June 1983, it was resolved to make a free distribution to shareholders of Common shares of Yen 50 each, by the capitalisation from reserves effective 1st July 1983.

The New shares will be allotted to shareholders appearing on the Share Register at the close of business on 30th June 1983, in the ratio of 0.1 of a new share for every share held, and will rank equal to outstanding shares.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDRs) wishing to claim their entitlement should present Coupon No. 42 at the office of HILL SAMUEL AND CO. LIMITED, 45, BEECH STREET, LONDON EC2P 2LX, where listing forms are available, or BANQUE INTERNATIONALE A LUXEMBOURG, 2, BOULEVARD ROYAL, LUXEMBOURG.

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Algemene Bank Nederland N.V., 32, Vijzelstraat, Amsterdam, Holland.
Citibank N.A., 111, Wall Street, New York, N.Y. 10015, U.S.A.
Societe Generale, 29, Boulevard Haussmann, 75, Paris 9, France.
The Fuji Bank Limited, Immermannstrasse 3, 4 Dusseldorf, Germany.
Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg.

Full information may be obtained from:
HILL SAMUEL AND CO. LIMITED
45, Beech Street,
London EC2P 2LX.

ANGLOVAAL GROUP

GROUP COMPANIES CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members of the following Companies (all of which are incorporated in the Republic of South Africa) will be closed for the periods stated for the purpose of determining those persons entitled to attend the Annual General Meetings of Members thereof.

Name of Company	Date of Closing Transfer Books and Registers of Members 1983
ANGLOVAAL LIMITED	19-25 November
EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED	5-11 October
HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED	13-19 October
MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED	11-17 October
ZANDPAN GOLD MINING COMPANY LIMITED	13-19 October

By Order of the Boards
ANGLO-TRANSVAAL TRUSTEES LIMITED
London Secretaries
per: I. S. FARMER

London Secretaries:
295, Regent Street,
London W1R 8ST.
12 September 1983.

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LEGAL NOTICES

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
1983: NO. 148

IN THE MATTER OF EUROCANADIAN SHIPHOLDINGS LIMITED
AND IN THE MATTER OF THE COMPANIES (WINDING-UP) ACT, 1977

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company which is being wound-up by an Order of the Supreme Court of Bermuda made on the Petition of the Company, are required on or before the 11th day of October, 1983 to send their full Christian and surnames or corporate name, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to A. Verbena Daniels, Official Receiver and Charles W. Kempe, Jr., care of Arthur Young & Company of 128 Front Street, in the City of Hamilton in the Islands of Bermuda, the Joint Provisional Liquidators of the said Company and if so required by notice in writing from the Joint Provisional Liquidators, or any liquidator who may hereafter be appointed to come in and prove their debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of September, 1983.
A. VERBENA DANIELS,
Official Receiver.
CHARLES W. KEMPE, JR.,
Joint Provisional Liquidator.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
1983: NO. 148

IN THE MATTER OF EUROCANADIAN SHIPHOLDINGS LIMITED
AND IN THE MATTER OF THE COMPANIES (WINDING-UP) ACT, 1977

NOTICE TO CREDITORS OF FIRST MEETING

NOTICE IS HEREBY GIVEN that a meeting of the Creditors of the above-named Company will be held at City Hall, Church Street in the City of Hamilton, Bermuda, on the 18th day of October, 1983, at 10.30 o'clock in the forenoon for the purpose of determining whether or not an application is to be made to the Supreme Court of Bermuda for appointing a Liquidator in the place of the Joint Provisional Liquidators.

A. VERBENA DANIELS,
Official Receiver.
CHARLES W. KEMPE, JR.,
Joint Provisional Liquidator.

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells)

NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0998-1J

The Entreprise Nationale des Travaux aux Puits is launching an International Call for Tenders for the supply of:

SPARE PARTS FOR DEUTZ ENGINE TYPE F8L413R

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits
2 rue du Capitaine Azzoug
Cote-Rouge, Hussein-Dey, Alger (Algiers), Algeria
Departement Approvisionnement et Transports
(Supplies and Transport Department)

with effect from the date on which this Notice is published.

Tenders, of which five (5) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the "Secretariat du DAT" (Secretariat of the Supplies and Transport Department) at the above address.

The outer envelope should be completely anonymous, bearing no company insignia, and stating simply "APPEL D'OFFRES INTERNATIONAL NUMERO 0998-1J — CONFIDENTIEL — A NE PAS OUVRIR" (International Call for Tenders Number 0998-1J — Confidential — Do not open).

Tenders should be sent to arrive by 12.00 hours on Saturday, 8 October 1983, at the very latest.

Selection will be made within 180 days from the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploitation of Oilwells)

NOTICE OF INTERNATIONAL CALL FOR TENDERS
NUMBER 0771-1J

The Entreprise Nationale des Travaux aux Puits is launching an International Call for Tenders for the supply of:

Item No. 1 — SPARE PARTS FOR VARIOUS TYPES OF G.M. ENGINES

Item No. 2 — SPARE PARTS FOR E.M.D. V8 AND V12 ENGINES

This Call for Tenders is intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits
2 rue du Capitaine Azzoug
Cote-Rouge, Hussein-Dey, Alger (Algiers), Algeria
Departement Approvisionnement et Transports
(Supplies and Transport Department)

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Geneva: 15 rue du Cendrier. Telex: 22589. Tel: 311604.
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THE ARTS

Art/William Packer

Autumn term in London

An exhibition of the work of John Carter filled the galleries of the Warwick Art Trust in midsummer, and sadly it has turned out to be the last of the run of distinguished one-man shows, ornaments to the London programme, that Bryan Robertson has put on there in his role as consultant director. In the event he could hardly have contrived more appropriate a final fling, for here he was presenting an artist in mid-career in a show that was beautiful, stimulating, judiciously retrospective and even mildly controversial—certainly it reduced the panel of the day on the BBC's Critics' Forum, by three to one, to patronising and at moments hostile incomprehension.

The enduring power of modern art, most especially of abstract art, to shock, remains as astonishing in our Society as the arrogance of the generality of the educated, in the face of whatever is beyond the scope of a literary interpretation, or their own immediate competence, to judge. To take a liberty with Descartes: I think, therefore of course I understand. Here we are, in the age of Match of the Day, and Intercity, and the Guardian's Woman's Page; and it is as though Matisse were a Wild Beast yet, and Mondrian and Brancusi, with their delicate intervals and exquisitely refined simplicities, a danger to traffic.

It is all as odd as it is interesting and familiar; and I only bring up the subject now because Carter happens to be enjoying another London outing, this time at his dealer's gallery in Cork Street (Nicola Jacobs—until October 1). His work places him firmly and obviously in the constructivist tradition, which was never itself so severe, arid and difficult as too many still suppose; for though some of our latterday minimalists may occasionally have taken themselves a shade too seriously there has never been anything in that tradition that necessarily should vitiate a certain visual wit, high spirits or intellectual esprit: nor does economy of means or statement shut out the possibility of physical beauty on the one hand and richness and complexity of association and experience on the other.

Carter occupies the Debateable Land between painting and sculpture, for though his painted reliefs are manifest objects, displacing real space and beautifully made, they deal quite as much with the essential ambiguities that must intrigue all painters: what is real and what is not, and how something that shares the space this side of the wall with the viewer may at once suggest another space, quite else and contradictory. He conducts this visual debate with an admirable economy, punctilious craftsmanship and an elegant allusive wit. If latterly the refinement has been ever more extreme and uncompromising (this show is only of his most recent work), the wit has always saved the work from any reduction to the impersonal or inaccessible. In dealing with the conceptual realities of space, geometry and proportion, it might well be that the work should consist only in the simple comparison of volume or area, or in the manner of the containment and thus the demonstration of an empty space; and yet the more fugitive the image, the more highly charged it is in the imagination.

The last we see of the Cheshire Cat is his smile: but Carter is not so ruthless and inexorable a reductionist, and the clear signs are that he is moving back towards something more physically complex and conceptually ambiguous. All his pieces are possessed of a certain curious metaphysical quality quite apart from their immediate concerns, the framed projecting rectangle as it were a physical detail in a de Chirico tower: but how much more so are the newest boxes, the double cubes that lead us in to their questionable and strange interiors. They are peculiar and beautiful things, each a singular realisation of an idea, and a visible, if equivocal fact. So exact and judicious in themselves, they sharpen and refine our own physical perceptions of all those other, similar spaces we too occupy and fill.

Downstairs in the smaller gallery, meanwhile, is an interim show of works on paper by Anthony Whishaw, quietly suggestive abstractions upon landscape and still life—these last unexpectedly redolent of Braque—that though they presumably relate to actual or forthcoming larger paintings are more than substantial enough as they are. This is not the kind of show, however, to discuss at length, but rather quite literally to notice as we look forward to a fuller exposition. Whishaw once described the visual sensation, frisson if you like, that preoccupies him and that he tries to fix in his work, as being rather like walking through a wood, with twigs and leaves brushing and flicking past the face, and flies and insects dancing in the flickering light at the very edge of one's vision.

John Carter with "Painted Structure: Vertical Squares"

We should not take that, of course, as a firm and comprehensive commitment that would explain all the work; but to take up the hint of landscape, particularly the enclosed and closer spaces of a wood that are themselves so like the spaces and relations within the still-life and the studio interior, is fair enough. Whishaw is the subtlest and least assertive of our abstract painters, an artist who, after a long time rather out of sight, has in recent years hit upon the most fruitful period of his career. Even so, he is still much underrated.

A little up the road, at the Waddington Galleries (also until October 1) is a painter somewhat less retiring. Patrick Heron has never been anything less than wholehearted in his commitment to abstraction, and his particular involvement with colour has always ensured a high degree of visibility for his work. To say as much is not intended as a gibe at all, for one of Heron's most engaging characteristics has been just that wholeheartedness, a preparedness to commit himself through his work in full public view. He is an important figure, by both practical example and published writing, one of the first apologists for the New York School and later one of its earliest and most prescient critics, always ready most vigorously to champion the artist's cause.

But his own work in recent years had seemed somehow to have slowed down in its development, trapped by its declared formulae, grown predictable and oddly unadventurous. The particular preoccupation with the intense experience of colour had frozen the imagery, deadened the surface and stifled the space: which was not the point at all.

All the more welcome, therefore, is this latest batch of paintings, which show quite clearly that he can indeed get out. The shift is not enormous, for they come from the same studio still, the imagery and conformation apparently unchanged: and yet the differences are crucial. The handling is now freer and looser, at once more painterly and more graphic, and though there has been no sacrifice in the quality of the colour, the effect is to reanimate the entire surface. And more important still, perhaps, is the reintroduction of a figured image, one that echoes the profile of the flat coloured shape upon the canvas, but now laid with a graphic gesture across the group to disrupt and contradict that shape, immediately conjures out of the painted surface the inevitable illusion of that deeper, imaginative, pictorial space. In returning from perhaps too theoretical to truer and certainly more direct an expressionism, Heron has reached a point from which he can move in any direction he likes.

Alvin Lucier/ICA

Dominic Gill

Alvin Lucier (born 1931) is one of the four American composers who came together in 1961 to found the performing group called Sonic Arts Union (the others were Gordon Mumma, Robert Ashley and David Behrman). Like the other members of the group, Lucier found, and continues to find, his inspiration in the apparatus of electronic technology. Oscillators, ring-modulators, gadgets, special circuits are his chief instruments; and through them he is mainly concerned with exploring, by all manner of different routes, the relationships of sound to its environment—the way, for example, a particular sound may behave in a particular acoustic, and its peculiar identity: the "signatures" of place, space, person, voice, instrument, object.

A detailed description of a work of Lucier's can sound more like a scientific research project than (in the traditional sense) a "work of art." But though he is a scientist of a kind, he is a scientist with the heart of an artist, who takes care to present the result of his researches in an artistically pleasing as well as an intellectually stimulating form. The distinction is not in any case useful: he is a poet of technology.

The fact also of sound itself, as well as facts about sounds, has special importance for him. And in this respect Lucier is at one with the whole tradition of American experimental music—which virtually since Charles Ives, and more concretely since John Cage, has sought to demonstrate in one way or another the poetry of physical fact: the impact, in its irreducible essence, of the sounds of every day, and in particular those of our new and complex environment.

I have listened to many refrigerators. There is often a flickering between the sixth and seventh harmonic. Once, while in the process of drinking Ouzo with David, Bob and Orville, a refrigerator sent its harmonics out to surround my head with circles, ellipses and figure-eights.

Thus the American composer Pauline Oliveros, writing in Source magazine, who remembers in the same article how, in New York, "Terry Riley led me 15 blocks out of our way to hear a building ventilator." There is excitment in sound, even though that excitement may be elusive or quickly pass. Oliveros's music, like Lucier's, like Cage's in their different ways, is about living at a certain pitch of childlike intensity: think dully, feel dully, and it's gone.

Lucier's short concert at the ICA on Sunday evening—the last of Adrian Jack's now well-established but unfortunately, short-sightedly threatened current MusICA series—was too short, and sadly without any of the composer's own verbal introductions which had so enchanted me in the same building 10 years ago. You either get with, and into, this kind of thing, or you don't: and the cramped Upper Gallery of the ICA was not the ideal space or place for Lucier's gentle magic to work more than fitfully.

I could imagine the impact of Sferes in another context: tiny sound-chips from the ionosphere, which surrounds our earth like an invisible cocoon, patiently recorded, themselves only the tiniest fragments of the frenzied electromagnetic activity of the universe. Or of Music for Pure Waves, Bass Drums and Acoustic Pendulums: a thoughtful, peaceful celebration of natural processes recalling natural random rhythms, tap-drips, rain on the roof, a branch tapping against a window-pane. The concert finished too soon: a regret. But if MusICA finishes now, then nothing is likely to take its place—and that, for London, would be a tragedy.

Nash Ensemble/Wigmore Hall

David Murray

Every month until February, the Nash Ensemble is to give a concert devoted to Czech music, usually with a recent British piece included too. There will be Dvorák every time, and Smetana and Janácek will be represented twice each; seven other Czechs (including, surprisingly, Hummel, who turns out to have been born in Bratislava) get single hearings. Thus Zdenek Fibich and Josef Bohuslav Foerster, who graced the opening concert on Sunday night, the one with a piano trio and the other with a set of songs.

The prolific Fibich (1850-1900—at least his dates are memorable!) may yet enjoy a Western revival, especially if a pianist deft with gentle sentiments should take up his charming, highly personal cycles of miniatures. His earlier music, like this F minor Piano Trio, is firmly in the Schumann tradition. Later Fibich chamber music gives more even-handed treatment to the players; the Trio is dominated by its busy piano (here, the excellent Ian Brown), with violin and cello riding the storm with romantic tunes, often in unison. Another ounce or two of sheer tone from Marcia Crayford's reliable violin would have helped.

The genuine warmth of Fibich's music was unmistable anyway, with Christopher van Kampen's cello making as broad and stylish a contribution as later in Dvorak's expensive A major Piano Quintet. That was performed with any amount of enthusism and flair; the team was completed by David Ogden and Roger Chase, both of whom shone in individual moments.

The flautist Judith Pearce offered another welcome chance to hear Nicholas Maw's recent Night Thoughts, a cunningly wayward, lyrical solo piece on a substantial scale. Miss Pearce's flowing cantilena seemed even more seamless than in the original performance. Jill Gomez applied her great communicative skills to Foerster's Three Songs op. 85, music of elevated melancholy which at first hearing might have sounded appealing but diffuse; Miss Gomez' astute shaping of each song ensured much more vivid impression. She conveyed the dramatic points of Dvorak's "Im Volkston" songs, op. 73, with no less precision and some glancing wit. This new Nash series promises to be altogether as rewarding as their past ones.

Ballet/David Vaughan

The Kirov in Leningrad

To see a performance at the Kirov, formerly Maryinsky, Theatre, with its elegant blue, gold, and silver interior, is a deeply moving experience, for this is the stage where Pavlova, Karsavina and Nijinsky, Fokin and Balanchine all made their debuts, and where The Sleeping Beauty had its premiere.

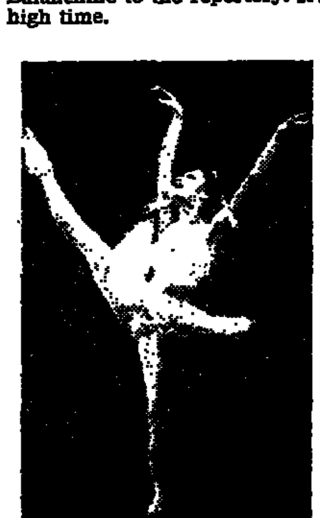
It must be admitted that what one sees on that stage today does not always measure up to the glories of the past. The greatest star of the Kirov Ballet, to judge by what I saw during the 200th anniversary season, is the corps de ballet—as the Wilis in Giselle and in the "white acts" of Swan Lake, especially Act IV, which preserves the Ivanov choreography, with six black cygnets weaving among the lines of white swans. But Irina Kolpakova's Giselle was disappointingly routine, and Galina Mezentzeva's Odette-Odile emotionally self-indulgent and technically brittle.

The Kirov Sleeping Beauty is now given in a dismayingly corrupt choreographic text, particularly the Prologue, Marius Petipa's masterpiece—the fairies have no cavaliers, the Lilac Fairy enters through a trapdoor to the wrong music, and a vision of the Princess Aurora, in the person of a little girl, pops up through another trapdoor to illustrate Carabosse's curse. It was reassuring to learn that Oleg Vinogradov, the company's director, intends to mount a new production in which the original choreography would be restored as far as possible—even including some of the mime.

One of the most troublesome things to contend with is the erratic musical tempi. Some sections, not necessarily tragic ones, are taken excessively slowly (the White Cat and Puss in Boots number sounded like a 78 record played at 33 RPM), and others, like the Mazurka in Swan Lake, so fast that the dancers can hardly keep up. In spite of such musical vagaries, the Kirov performance of Chopiniana (Les Sylphides) was one of exquisitely refined poetry. Again, the corps was close to perfection, moving and breathing as one. Gabriela Komleva proved that she is a consummate artist, as she had, in earlier divertissement programmes, in a tragic pas de deux from Esmeralda and in Romance, a Sovietique vignette by Bryantsev.

Chopiniana formed part of a triple bill with divertissements from Pakhita and the pas de six and tarantella from Napoli. The Pakhita variations were authoritatively danced by Olga Chenchikova and Lubov Kunakova, and by Alla Sizova with all the delicacy and musicality that one remembers from her Aurora more than twenty years ago—she can even make musical sense out of Pierre Lacotte's clumsy realisation of Saint-Léon's pas de six from La Vivandière.

At the moment the Kirov women are stronger than the men. Evgeny Neff is an impressive technician and a sensitive partner. Best of all are two very young dancers, Nicolai Kabanev and Sergei Vikharev, both of whom were seen in Napoli variations and in the Pakhita pas de trois. Vikharev also danced a new ballet based on Oscar Wilde's story The Star-Child, choreographed for him by Vitaly Timofeyev, which demonstrated once again that the most serious weakness in Soviet ballet is in new choreography. It doesn't help matters that the only contemporary choreographers from the West whose works are performed by the Kirov are Maurice Béjart and Roland Petit. But again, there is hope to be derived from the fact that Vinogradov wants to add ballets by Ashton and Balanchine to the repertory. It's high time.



Alla Sizova

Zoltán Kocsis/Wigmore Hall

David Murray

After Kocsis' sensitive but terribly restrained Mozart playing with the little Franz Liszt Chamber Orchestra at Thursday's Prom, it was satisfying to hear him at full stretch on Saturday. Though he began with something quite crazy: his own transcription from Parsifal of the hero's arrival in Act 2, the Blumenmädchen chorus and Kundry's appearance, and then — after a catalogue of the chief Leitmotive! — the closing pages of the whole opera. I diagnose this as a case of youthful Hungarian Parsifalomania (Kocsis is 31 but doesn't look it), not to be encouraged on the concert platform.

At least the playing was devoted and powerful, and in historical terms these gory chunks introduced the rest of the programme very aptly — early(ish) Debussy and the Brahms F minor Sonata. Kocsis gave us not only the familiar Debussy Estampes but the recently published "Images oubliées" of 1894 (Livia Rev introduced them in this hall a few years ago). They include the ur-version of the Pour le piano Sarabande, which Kocsis thoughtfully offered as an encore, and a remoter cousin of the piece that eventually settled down in Estampes as "Jardins sous la pluie". Beautifully concentrated and very rich in piano-colour, Kocsis' style lacked only the steady pulse that should ground the elaborations of "Pagodes" and "Soirée dans Grenade" as well as the Sarabande.

It was in any case persuasively vivid, and with the Brahms Sonata Kocsis struck a vein of self-identifying conviction that brooked no argument. If he didn't reveal the mature depths that Elisabeth Leonskaja has lately found in the Andante and the Rückblick, he reminded us that the 20-year-old composer was a grandly stormy pianist. This was a performance of most intelligent balance—the outsize structure of the Sonata is difficult — but also one of magnificent sweep and blazing fervour.

'From Dixieland to Swing' at the Elizabeth Hall

Fifteen of Britain's leading jazz musicians will be appearing at the Queen Elizabeth Hall on Saturday, October 8 in the second of Michael Webber's "From Dixieland to Swing" concerts. They will be contained in the Roy Williams Septet and the Dave Shepherd Octet.

The two groups will play separately then get together for the final session of the concert which will be devoted to the music of Count Basie and Lionel Hampton.

Tickets are on sale at the Royal Festival Hall box office.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

September 9-15

LONDON

English National Opera, Coliseum: the ENO tries again with Ariadne on Naxos, replacing with a new production the unhappy attempt of two seasons ago; Janice Cairns, Sally Burgess, Marilyn Hill Smith and Kenneth Woollam in the leading roles, Walter Weller (London opera debut) as conductor. Further performances of David Blake's striking Caribbean operatic epic, Toussaint; and of the famous Mafia-style New York Rigoletto produced by Jonathan Miller.

Royal Opera House, Covent Garden: The season opens in an unusual and exciting way, with a revival of the much-praised Götz Friedrich production of Berg's Lulu, one of the most powerful and disturbing of all operas in a staging which catches much of its special quality. The cast is as in 1981 – Karan Armstrong, Günter Reich, Ryzsard Karczykowski, Colin Davis as conductor, and a single important newcomer in the Geschwitz of Brigitte Fassbänder.

Sadler's Wells, Rosebery Ave: The Sadler's Wells Royal Ballet starts its autumn season on Tuesday with a gala triple bill. This programme plays through to Thursday.

WEST GERMANY

Berlin Deutsche Oper: The Merry Wives of Windsor, finely interpreted by Barry McDaniel and Lucy Peacock. La Bohème sung in Italian, stars Pilar Lorengar. Damnation de Faust of Berlioz with Kenneth Riegel in the title role.

Hamburg Staatsoper: Donizetti's Der Liebestrank is a Jean-Pierre Ronnelle production. Hoffmann's Erzählungen has the Olympia of Edda Moser. Ein Maskenball is cast with Montserrat Caballe and Franco Bonisolli in the leading roles. Otello has Julia Varady and Vladimir Atlantow in the key roles.

Frankfurt Opera: Der Türke in Italien brings together Paula Page and Dieter Weller in the main roles. La Traviata has Faye Robinson in the title role and Benjamin Luxon making his Frankfurt debut in the part of Don Germont. Manon Lescaut has Nelly Miricioiu in the title role. Un Ballo in Maschera is a fresh and delightful revival.

Stuttgart Württembergische Staatsoper: End of season. New season starts on Sept 17

Munich Bayerische Staatsoper: End of season. New season starts on Sept 17.

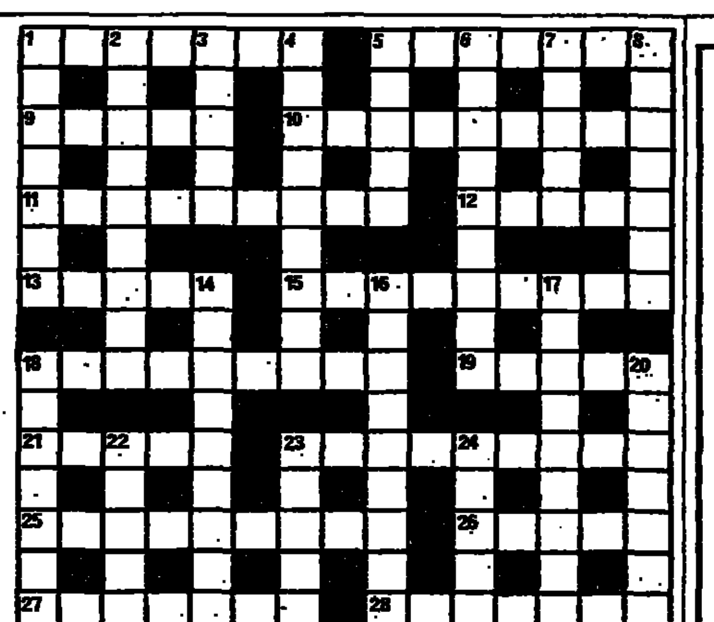
ITALY

Venice: Palazzo Grassi: World premiere of Cesar Frank's 'Stradella' in collaboration with the Ecole du Theatre National de l'Opera de Paris. Teatro Malibran: Handel's Agrippina (Sun, Tue, Thur). Teatro la Fenice, Madama Butterfly (Wed).

NEW YORK

New York City Opera: Scheduled performances this week are The Mikado and a Benefit performance of Cendrillon (curtain, please note, 7 PM for Benefit). New York State Theater, Lincoln Center (870 5570).

F.T. CROSSWORD PUZZLE No. 5,215



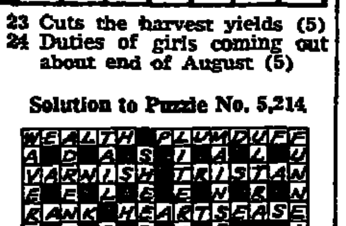
ACROSS

1 Court cards? (7)
5 For a clever scientist, fake diamonds take half an hour (7)
9 Belief in a system of conservative lead with Thatcher's material (5)
10 In which natives are born? (6-3)
11 Waste, like many a casual joke (5, 4)
12 Some fine welcome marks the beginning of the flight (5)
13 L horn-playing, can make money (5)
15 Coe sprint excited Priestley's caller (9)
18 Beats everything, this predicament of smoker (9)
19 Sticky pieces of meat—bake a foreign way, with top of bacon (5)
21 Object of half-made wall in Paris (5)
23 Lament about common name of oil, dips, etc. (9)
25 Tropic island grain (9)
26 Could be a bone-meal for young dogs (5)
27 Account-books having entries that are above the staff? (7)
28 To cause inflation old penny is decimalised (7)

DOWN

1 Sailor's means of raising pitch (4-3)
2 It is for flavouring gum—mine's part-chewed (9)
3 Settle money on—old penny enough for poet grasping it? (5)
4 Immaculate miners' leader? (4-5)
5 Pop's extremely tasty but rather white-looking (5)
6 Writer has something to drink out of by the stream . . . (9)
7 . . . it bends for him, from below (5)
8 Setter of puzzles uses coarse sieve (7)
14 Else or Esther, IOW variation (9)
16 Held up in court when prosecuted about taint of guilt (9)
17 Awe Albert inspired producing knives and forks, for example (9)
18 Sort of treatment falsely claimed? (7)
20 Raleigh's was framed . . . (7)
22 . . . went aimlessly for power-bike (5)
23 Cuts the harvest yields (5)
24 Duties of girls coming out about end of August (5)

Solution to Puzzle No. 5,214



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Tuesday September 13 1983

Owen's new blueprint

DR DAVID OWEN'S first major speech as leader of the Social Democratic Party was received with less than total rapture by the party conference in Salford yesterday — at least judging by the volume of applause. Indeed, the silence that greeted some of its key passages suggested that a large part of the conference did not fully understand what he was saying. It was a major political speech, none the less.

The section that mattered most was about economic and social policy. Dr Owen paid tribute in passing to Mrs Thatcher. "She is," he said, "a worthy opponent," though there were also barbs, like his attack on her alleged inability to transform herself into the Prime Minister of the whole nation. But it was the gloss that he put on her economic policies that counts.

Competition

The SDP leader became one of the first prominent British politicians to endorse the "social market economy." To many that may seem a technical term, derived from Germany. What it means in English is the market economy with a safety net, or to put it in more political terms, perhaps, Thatcherism with a human face. Its adoption in West Germany was partly responsible for that country's post-war recovery. When the Social Democrats broke with Marxism in the late 1950s and embraced the social market economy in its stead, they too were on their way back to office—facts of which Dr Owen is obviously not unaware.

Mrs Thatcher grasped the market part of the philosophy early on, and Dr Owen has recently caught up. Yet in two important respects he has now gone further than the current Tory orthodoxy. One is that he has recognised the essential contribution of competition to the social market models. The other is that he has remembered the need for the safety net.

As Dr Owen said yesterday, the Tories have not been exactly distinguished by their competition policy: a privatised monopoly is still a monopoly. Equally, in their search for greater economic efficiency, the Tories are, at least, open to the charge of overlooking the needs of the disadvantaged. The social market economy was never designed to do that. Indeed one of its main purposes was to help those adversely affected by a period of economic transition. Dr Owen's way of putting it was that it ought to be possible to link together in the public mind "the politics of prosperity and the politics of poverty" so that there is no obvious incompatibility between striving for efficiency and greater equity. That is a chord which Mrs Thatcher has not yet quite struck.

Two other points in the economic section of the speech are worth mentioning. First of all, Dr Owen moved a long way towards abandoning the concept of a statutory incomes policy, which had always seemed a hangover from the days when the SDP leaders were in the Labour Party, and which was re-embraced by Mrs Shirley Williams, the SDP president, as recently as Sunday. "There is merit," he said, "in free collective bargaining," pausing only to recommend no-strike agreements in essential public services.

Tax benefits

Secondly, he came out strongly in favour of a reform and simplification of the tax system. True, he gave no details and the conference heard him in silence. But it was not unrelated to the theme that the SDP has to persuade the majority, "who still have a job and who are relatively prosperous that they have responsibilities to those who are less fortunate." Again, Mrs Thatcher could learn from that. The removal of some tax benefits to the better off, such as mortgage interest relief, is long overdue.

It would be foolish to attach too much importance to one speech, many of whose ideas were under-developed. It should also be said that the SDP at Salford looks a bit like a one-man band with Dr Owen head and shoulders above the rest. But his performance yesterday suggested both a break with the concept of the SDP as the Labour Party mark two and a refinement of some of the policies offered by the Prime Minister. Both major parties need to take note.

A warning from France

THE STRONG showing of the French National Front in the municipal election at Dreux, near Paris, is a warning not only to France but to much of the rest of western Europe. The arrival of an anti-immigrant party on the political scene—small though Dreux may be with its 35,000 inhabitants—will also be noted with concern in those countries that have supplied the stream of migrant labourers without which western Europe could not have managed the great economic expansion of the 1950s and 1960s.

Nobody need be surprised that recession and unemployment should have begun to arouse animosity against foreigners. In Germany, with 4.6m foreigners out of a population of 61m, feeling has been rising, especially against Turks, because they have proved unwilling to assimilate to German ways.

Concern

In Switzerland, with almost 1m foreigners in a population of 6m, the so-called xenophobe parties look like making a small comeback in the general election next month. Bowing to the wind, the Government has already made entry into the country more difficult. Britain, too, has been closing the gates.

What makes Dreux a cause for concern is that the local bourgeois parties in opposition to President Francois Mitterrand and to his Socialist Government embraced the National Front without being called to order by their national leaders such as Mo Jacques Chirac, Mayor of Paris, ex-President Valery Giscard d'Estaing, and M Raymond Barre, the former prime minister.

To their credit several leading personalities of the pre-Mitterrand regime, at their head Mme Simone Veil, did remonstrate against the Dreux alliance. If M Chirac shared their feelings, he kept his sentiments to himself. Admittedly his position is difficult: hotheads of the right want an all-out attack on the Socialist Government, not shying away even from taking to the streets.

M Chirac has quite properly resisted their pressure. Extra-parliamentary action, laced with xenophobia, would not only be reprehensible in itself, but could prejudice the stability of France at a moment when both the French and their neighbours face quite enough perils.

Economic circumstances, with 2m French workers unemployed, and the increase of xenophobia have induced the Government of M Pierre Maurois to clamp down on new immigration. Besides, and understandably, a drive has begun to prevent illegal immigration.

Demand

Towards those migrants who already are legally in France the Maurois Government has adopted a policy in keeping with a long-established, liberal French tradition. They are to be encouraged to assimilate to French society. It is a reasonable demand to make upon a group which, after all, constitutes some 8 per cent of the total French population of 51m.

Besides the danger to stability in France, and potentially, in other host countries, should anti-foreigner feeling be given free rein, one should also consider the effect upon the countries of origin of these migrant millions. A country like Portugal, for instance, is heavily dependent upon emigrants' remittances to balance its external accounts. Likewise, the countries of origin would face a catastrophic increase of unemployment if migrants ever had to return *en masse*.

Nor could the host countries contemplate such an exodus with equanimity. Present hopes for a reduction of unemployment in the industrialised countries of Europe may be dim; but who can be sure that the army of *Gastarbeiter* will never be needed again? Who, indeed, can say that even in today's climate they are not an essential element in the labour markets of several countries?

National leaders are under an obligation to avoid giving encouragement to xenophobia and to smooth the way for the integration of the migrants into their societies. Dreux should be a warning. It should not be given too much importance because the episode was localised: but it does leave a nasty taste.

BRITAIN'S NORTH SEA OIL INDUSTRY

The dawn of a new era

By Ray Dafter, Energy Editor

THE brand new fabrication hall large enough to contain a good-sized football pitch, stands echoing and underused in northern Scotland. It is an apt symbol of the promise — and the problems — of the new phase of North Sea development which is just beginning.

Thousands of jobs hang on the conviction of companies like RGC Offhore, which has built the new facility at Methil, near Fife, that oil and gas producers are about to embark on a fresh spending spree.

The era of giant platforms for new, big oilfields is over. But Mr Alick Buchanan-Smith, Minister of State for Energy, noted last week that the British North Sea oil industry is likely to propose almost 30 new projects in the next two years.

This is where RGC, and other companies across the industry, see their opportunity. The development of these new small fields will require platforms, living accommodation and pipelines. It's new fabrication hall will allow work to go ahead on three platform "modules" — self-contained processing or accommodation facilities — at once and each of them could be worth up to £20m.

Companies like RGC are gambling on the fact that revival is indeed long overdue. Fields such as BP's massive £1.3bn Magnus Project, which Mrs Thatcher is to inaugurate tomorrow, are the result of development decisions taken well back in the 1970s. Now the signs are that a host of new plans are being prepared.

The dearth of significant new orders was underlined by the most recent statistics which showed that last year the value of orders placed for goods and services by UK oil and gas developers was, at £2.26bn, the lowest since 1978. This year's value is not likely to be much higher.

But the climate is changing. Mr Buchanan-Smith told the Offshore Europe Exhibition in Aberdeen last week that among the plans under discussion with the Government, were Marathon's North Brae oil field; Sun Oil's Balmoral oil field; Hamilton Brothers' Duncan oil field; Texaco's South Sail oil field; and BP's novel Single Well Oil Production System—in essence a combined production, storage and transportation vessel.

The modest nature of some of these particular projects can be gauged from the fact that Mr Buchanan-Smith estimated that the value of work generated would be little more than £2bn. By contrast, the exploitation of Shell/Esso's big Brent Field in the mid-1970s cost more than twice that amount.

The Minister did not list all of the 30 new production schemes and pipelines that are likely to emerge in the next year or two, but it seems doubtful that any individual project will cost much more than £1bn. The oil and gas reserves in UK fields awaiting development do not justify greater investment.

This is not the case on the other side of the median line in the North Sea where a slower, more cautious development programme on the part of the Norwegian offshore industry has left several giant fields unexploited. Just four projects — the Oseberg, Sleipner, Troll (phase one) and Tommeliten oil and gas fields—could generate orders worth nearly £13bn ($19.4bn) over the next decade, according to stockbrokers Wood Mackenzie.

Scanning the UK and Norwegian sectors of the North Sea, Wood Mackenzie identified 13 fields for which development plans could be formulated in the next 18 months to two years. Total investment, it said, could be more than £25bn.

Mr John D'Ancona, director-general of the Offshore Supplies Office, the UK Government agency responsible for promoting the supplies industry, was prompted to declare: "A recovery in activity will help to protect the industry and may, in the longer term, enable it modestly to expand employment." Latest estimates suggest that some 100,000 people are employed in the offshore supply industry.

Yet the UK supply industry is sceptical that it will reap much benefit from the Norwegian development programme. Companies have long complained that they have been unable to win what they regard as a fair share of Norway's business because of Norwegian Government policies designed to boost local industries.

On the face of it UK suppliers would seem to have a case—about three-quarters of Norwegian North Sea orders are placed with Norwegian companies. But the Norwegians point out that they sub-contract much of the work to overseas companies in the interests of competitiveness and up-to-date technology. In fact, they say, Norwegian industry accounts for only 54 per cent of the net content of orders placed by Norway's oil and gas industry.

Much the same could be said of the UK offshore industry. In recent years, according to the Energy Department, UK companies have been winning between 67 and 79 per cent of the value of goods and services placed by the oil industry operating on the UK Continental Shelf.

But these figures are misleading, partly because in Britain, too, there is a great deal of sub-contracting and partly because a number of major companies classified as British are no more than local subsidiaries of overseas—predominantly American—engineering groups.

Mr D'Ancona eschews suggestions of protectionism in favour of British industry. "The last thing we want to do is to set up a barrier so that UK companies can be feather-bedded," he said. "We should not be tempted to erect protective barriers behind which inadequate performances can thrive. That would not be in the interest of UK industry."

Even so, UK industry is being helped. Under North Sea licensing terms offshore operators have undertaken to give UK companies a "full and fair opportunity" to compete for orders. In other words operators must have a good reason for importing goods and services.

Furthermore, as a condition of the last, eighth, round of exploration licences, oil companies have undertaken to help UK industry develop and promote its home-bred technology. This move, introduced by Mr Nigel Lawson, the then Energy Secretary, was designed to give UK industry a helping hand in the export market.

"Acquisition of British industrial know-how is as important as the oil," said Mr Lawson's successor, Mr Peter Walker, when he met a top-level Chinese petroleum delegation last week. China is regarded as a vital potential market for the UK offshore supplies industry.

It is too early to tell what impact this technology initiative is having. But it may be possible to tell which oil companies are most actively supporting the Government's aim by the way licences are allocated in the ninth round of concessions, now under Energy Department consideration.

Both the Government and the oil industry are anxious to maintain the raised tempo of licensing evident in recent years. The pace of exploration needs to be pushed along if oil companies are to have any hope of prolonging a high level of oil and gas production into the 1990s and beyond.

The UK may currently be the world's fifth biggest oil producer, with an output of around 2.3m barrels a day, but it will be a matter of only two or three years before the flow of domestic oil begins to slow down. It is a sobering thought that it would take EACH YEAR the development of a dozen fields like Balmoral — one of those now earmarked for exploitation — to maintain the present rate of UK production (840m barrels annually).

The pace of exploration has picked up in recent years, thanks largely to oil price movements and Government licensing policies. Last year, for instance, 72 exploration wells were started on the UK Continental Shelf, the highest number since 1975. The pace of drilling has been maintained this year.

In order to give a further boost to exploration, as well as to encourage the development of small economically-marginal fields, the Government introduced sweeping tax concessions in the March Budget. Oil producers can now claim relief against Petroleum Revenue Tax for any exploration and appraisal expenditure on the UK Continental Shelf.

It was perhaps inevitable that the tax changes would shake up the molecular structure of the North Sea industry. And during the past few months the haves and have-nots, in oil producing terms, have been jostling to extract the most benefit from their different tax positions.

But it is BP which has thrown a spanner in the works by promoting the biggest tax deal of them all. The company aims to raise over £260m by selling 12.5 per cent of its heavily taxed interest in the mature Forties Field to less-successful companies with plenty of tax credits to spare. The Forties stake would be sold by tender in small lots, each representing 0.25 per cent of the overall field.

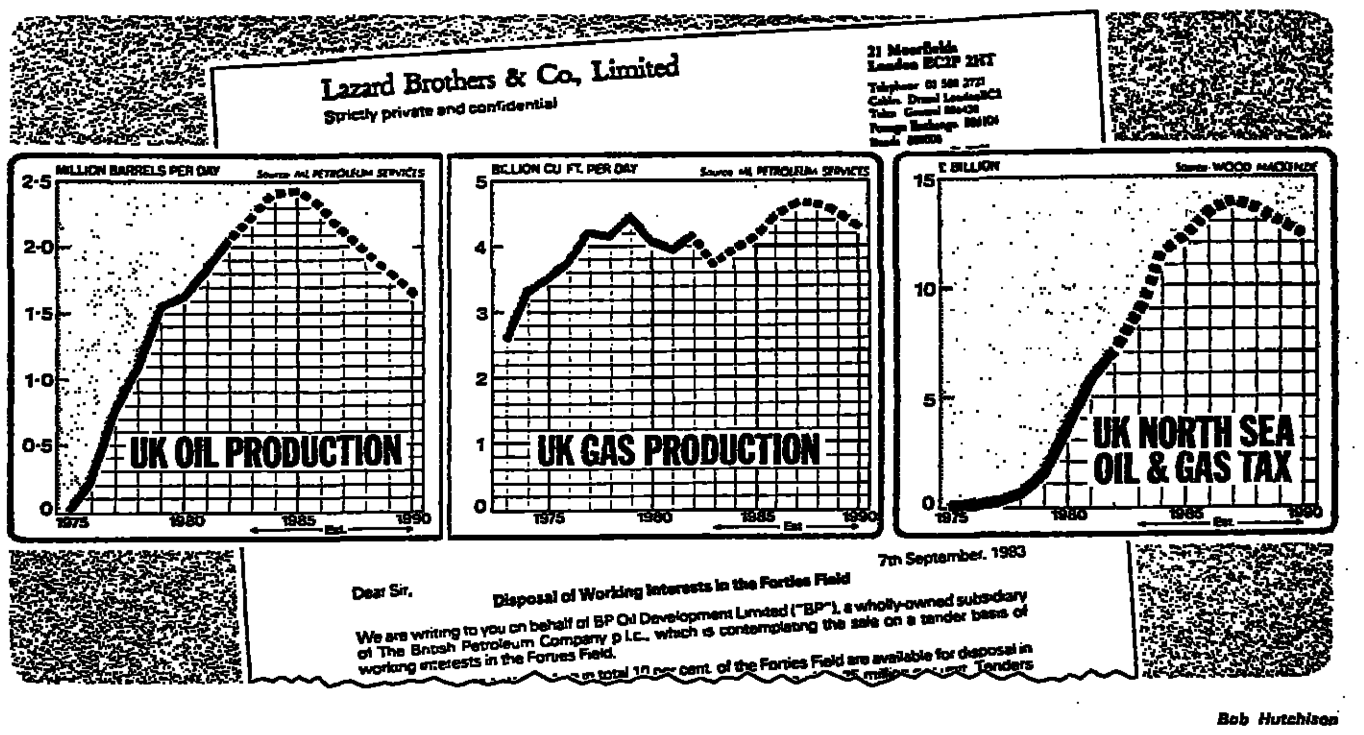
BP, which wants to use the cash for newer, more profitable ventures, makes no bones of the fact that taxation is the *raison d'être* of the proposed deal. Indeed, in a letter sent to 170 North Sea companies, BP's bankers, Lazard Brothers, say unequivocally: "It is likely that an opportunity to acquire an interest in the Forties Field may particularly appeal to companies which have licence intrests and exploration commitments but which are not able to obtain full UK tax reliefs for their expenditures."

The letter then lists five ways in which oil companies could use the proposed deal to their tax advantage. In addition, the bankers point out that companies and institutions might wish to acquire a stake in Forties as a prelude to incurring additional drilling licence commitments. Traditionally, the Government has looked more favourably on applications for exploration licences from those companies with a production track record.

The proposed BP deal, which has still to receive formal Government sanction, raises many issues. Its sheer size will queer the pitch for other producers contemplating similar offers; the amount of tax-sheltered cash thought to be available for such acquisitions is probably not much more than £300m.

Secondly, the deal would introduce a new arrangement for changes in oilfield licence ownership, a fact that is concerning the Energy Department. Thirdly, and of particular concern to a hard-up Chancellor, the sale would make an appreciable dent in North Sea tax revenues. Industry estimates suggest that the Inland Revenue will receive between £240m and £310m less in Petroleum Revenue Tax and Corporation Tax over the next three years although this loss could be mitigated by extra Corporation Tax and Capital Gains Tax payments from BP.

For its part BP argues that in the longer term the deal will provide widespread benefits to both offshore producers and the supply industry. It points to the increase in exploration and development which is likely to result from the redistribution of Forties and other producing field interests. And that, after all, was the intention of the Government when it introduced the tax changes.



Bob Hutchison

Ashley Ashwood

John Weedon, marketing manager of RGC Offshore: looking for orders to fill the new £4m fabrication hall.

Men & Matters

Parkinson regrets

West Midlands industrialists, anxious to interpret government thinking about whether their troubled region will get assisted-area status, have been denied for a second time the chance to meet Cecil Parkinson, the Trade and Industry Secretary.

Interest in Parkinson's own views on regional policy is acute in the Midlands following a report that intermediate status for the West Midlands is one of the options under consideration in Whitehall.

A visit by the Minister to the region earlier this month had to be cancelled at the last moment because he was suffering from a gastronomic upset on the morning after his 52nd birthday.

This time he is being forced to stay away from the Midlands by the protocol surrounding his office.

More than 200 leading industrialists and civic dignitaries were looking forward to meeting Parkinson, and perhaps being favoured with a sign of his intentions towards the region, when gathered at Walsall next Friday for the inauguration of a £3m investment by McKechnie Metals.

He will not be there. His department said last night the visit would be "inappropriate" in view of the planned £6.5m acquisition by McKechnie of the brass rod and wire business of IMI, another Birmingham-based company.

The deal is currently being considered by the Office of Fair Trading but the final decision whether it should be referred to the Monopolies and Mergers Commission rests with Parkinson himself.

Irish stopover

Over at Ireland's Shannon Airport, they are not sure quite what to make of the British government's decision to ban Aeroflot, the Soviet airline, from British airspace. The ban is likely to mean no Aeroflot landings at Shannon for two weeks, which will cost the airport about £150,000.

On the other hand it may spare the Irish the embarrassment of banning Aeroflot themselves in the same week that they expelled three Soviet diplomats for alleged spying.

Aeroflot's refuelling facility at Shannon was one of the brighter ideas of the already-inventive Shannon Free Airport Development Company.

Russian ships bring the fuel up the river, saving precious foreign currency, while the Irish earn £4m a year in landing charges and services as the Russian jets refuel on their way to the Caribbean and South America.

The airline also delivers some exotic visitors to the duty free shop. Fidel Castro for example, is reported to have developed a liking for Jameson whiskey on his stopovers. Whether any of the passengers are carrying Nato secrets in their hand baggage is a matter over which a discreet veil has been drawn.

Fishy tactics

The lobby against the slaughter of seals in Canada is not content to rest on its laurels in spite of the EEC having imposed a two-year ban on all imports of Canadian seal skins.

In the comfortable surroundings of the Savile Club, London, last night, the British Seal Protection Group was plotting to take the fight into the perceived enemy's camp by economic aggression.

Canada's fishing industry is worth some 30 times more in income to fishermen than is the seal killing to hunters. The activists want to boycott sales of Canadian fish in Britain in order to make Pierre Trudeau, prime minister of Canada, weigh the economic consequences.

Some £50m worth of Canadian salmon is imported into Britain each year for sale canned or frozen.

First shots in the campaign have been fired. Nearly 200,000 postcards are winging their way from British members of the International Fund for Animal Welfare to such salmon marketing companies as John West, Epicure, Birds Eye, and Ross, urging them to press the Canadian government to stop the seal killing.

Might a compromise be found in a new line in tinned seal?

Monetary steps

Some stiff limbs were being reported by distinguished central bank governors when they met again yesterday in Basle. Greek hospitality was being named as the culprit.

EEC finance ministers and their central bank governors always look forward to the weekend of informal talks organised by the country currently occupying the EEC presidency.

Last weekend saw them in Greece for the first time. They shared a holiday hotel on the island of Kefallinia with package holidaymakers — who, incidently, were none too pleased to suffer a temporary withdrawal of facilities, and general disruption caused by the presence of the ministers, their wives, the governors, and assorted officials.

But the meeting was a golden opportunity for Grigorias Arsenis, the Greek minister for national economy, to put the island of his birth on the international map.

No effort was spared to give his guests a taste of its degihts. The high spot was a dinner followed by dancing in which Robin Leigh-Pemberton, new governor of the Bank of England, showed an enthusiasm and style worthy of Anthony Quinn himself. Other participants found it altogether too strenuous.

They are unlikely to have to dance together again this week in sober Switzerland. It will be considered sufficient by most observers if they can simply manage to sing the same tune.

Stewed lamb

These are tough times for chemical companies.

Even so, I can't help wonering what exactly is going on at Belgrave House, home of BP Chemicals, where they want to reduce the European wine lake by feeding excess grapes to sheep.

BP Chemicals has applied for a £250,000 EEC grant to further its investigations.

The company says that this year some 23bn bottles of wine will be produced in the EEC. But drinkers will soak up only 19bn.

The current system of disposing of surplus wine, with the help of further subsidies, by distilling it into wine alcohol only creates another problem—surplus industrial alcohol.

BP has spent some £20,000 on a project with Newcastle University on methods of dealing with grapes. Together they have come up with the idea of substituting grape juice concentrate for cane molasses in the feed of unsuspecting lambs.

"In fact," says Nick Spencer of the alcohols division, "the lambs seem to enjoy the grape juice. They gained weight satisfactorily and no ill effects were observed."

And what about Sunday lunch? "The meat quality was indistinguishable from lamb fed on a conventional diet" claims Spencer.

Observer

Letters to the Editor

British Gas pricing policy

From Mr M. Simons

Sir,—The Deloitte report on British Gas does not refer to the appropriateness of the Corporation's accounting conventions. These have led to a substantially higher asset upvaluation than has been customary in industry which in turn has brought massive depreciation charges also levied *on plant under construction*, and immediate write off replacement assets. As a consequence the real rate of return for the depression year ended March 1983 was much higher than the 5.7 per cent published.

The Corporation's drive for big profits supported by the Department of Energy makes one wary about gas pricing policies advocated in the Deloitte report. One is left with the impression that the shorter and longer term needs of industry and of private customers have not been sufficiently considered by those who advocate that gas prices should be based on the cost of the most expensive gas viz currently Norwegian Frigg field gas. (The Norwegian and the French Governments hold substantial shares in the four companies which own this field). What inducement is there for British Gas or indeed for the Department of Energy to encourage the Corporation to bargain hard for keen gas prices if high marginal costs cause all gas prices to rise?

The cost of marginal gas will be influenced by the profit expectations of the relevant operators. It is of concern that the report states "we understand that the UK sector oil companies require a post tax real return of 8-10 per cent", and that the British Gas Corporation's 5 per cent return required in the 1978 White Paper "may need reconsideration". Norwegian sector operations presumably also "require" returns well in excess of those earned by industry in Norway and the UK.

Realistic energy pricing is essential for industry, while sensible heating costs, which rose 25 per cent per therm in the last financial year, are vital for our ageing population. The Government must take wise economic and social decisions.

M. E. Simons.
24 Granard Avenue, SW15.

The regional grant scheme

From Mr J. Crozier

Sir,—Your editorial of September 6 described a view of regional policy as seen from London EC4. May I comment from the perspective of an assisted area. Seen from here the regional grant scheme has substantial virtues and should be retained.

It is "automatic," which means a businessman knows that he can rely on getting a grant. The alternative is to introduce "selectivity." Who is to select? Civil servants and politicians. For the businessman "selectivity" means coping with bureaucracy, delay and uncertainty as to whether he will get any grant.

You support a "cost per job" ceiling. Unfortunately, properly determining the number of jobs created by a project is a major exercise in its own right. Those capital intensive projects that you criticise create substantial employment during the building phase in the construction and engineering industries. Once in commission the plants may not employ many people directly but they often create significant jobs downstream and in associated industries, e.g., transport. In addition, such capital intensive industries often contribute large sums in rates and put substantial purchasing power into local economies through the wages and salaries of their employees.

You suggest that "assistance be restricted to inward investment by foreign companies which can provide genuine jobs iand an immediate balance of payments gain." Are jobs created and sustained by firms already in the UK any less genuine than those of new entrants foreigners? Is it not important for the depressed areas that their existing industries are assisted to modernise and to stay competiitive on an international basis?

Loss of international competitiveness may have something to do with the decline of West Midlands industries. Creating an assisted area there would be a reasonable step in helping them in the fight back. But that can be done without tinkering with the present grant system which is straightforward and effective in assisting industry to modernise and survive by being competitive.

With the present recovery proceeding rather slowly and the cost of money high in real terms, I would argue that the level of regional grants should be raised, for a defined period, in order to give a non-inflationary stimulus to the UK economy in general and to the local economies of the assisted areas in particular.

J. F. Crozier.
The Old Rectory,
Great Stainton,
Stockton-on-Tees, Cleveland.

The borrowers and the banks

From Mr M. Mendelsohn

Sir,—May I suggest that the balance of power between borrowers and lenders is more subtle than suggested by some passages of Samuel Brittan's article of September 8, and that this applies especially to sovereign borrowers which, unlike companies, cannot be wound up for creditors.

It is true that a borrowing country's power increases with the amount it borrows, but only to a point. Countries which need to go on borrowing, as developing and east European countries will need to do, are compelled by that necessity to recapture their credit standing as soon as they can. Failure to do so entails a high cost in terms of the price and terms of the restricted amounts of new money that would be available to them.

That applies likewise to the misgivings of Professor Michael Lipton and Dr Griffith Jones, cited by Mr Brittan. They believe that if central banks were to discount some of the claims of commercial banks on sovereign borrowers, "it would be important to avoid making the central banks' purchase price for sovereign debt so low as to give debtor countries an incentive to repudiate their obligations." Borrowers would certainly be distressed by having a liability of $100 acquired by a foreign central bank at, say, $50. But so far from providing a temptation to repudiate, such a risk premium might provide a very strong incentive to regain a credit standing permitting new borrowing at less than the punitive cost reflected by very large discounts on outstanding claims held by creditors.

Mr Brittan's opening sentence captures arrestingly the subtle interplay by describing the dialogue between sovereign borrowers and commercial banks as a game of "chicken." It can be described, also, as a three-legged race in which the partners can walk, limp and fall together; in which they can, indeed, do almost anything except part company.

M. S. Mendelsohn.
35 Rochester Square.
N.W.1.

The media-bashing season

From Mr N. Mendes

Sir,—Few people can have failed to notice that once again we have reached the "open" season for media-meddling. It is not surprising that this annual free-for-all starts with the Trades Union Congress — the unelected Labour Party in opposition—goes right through the plethora of political party conferences and will predictably close in Glasgow in November when the Confederation of British Industry — those people who think that they ought to run the nation — gets together for its annual meeting.

For those people unable to identify the itinerant media basher, he or she can easily be recognised by their plaintive cry of "right of reply," repeated endlessly when any journalist has the impudence to comment unfavourably upon either themselves or their views.

It's about time someone stood up for the media and bashed these bashers back. They parade themselves as public figures, demanding, indeed positively enjoying, the limelight and then bleating when they are criticised. No one forced them into the public arena — they are there of their own free choice.

Thank God we have a strong, free Press prepared to comment, criticise and even lampoon when the situation demands it.

People who place themselves in the public eye are public property: as President Truman so succinctly put it — "If you can't stand the heat stay out of the kitchen."

Nicholas A. Mendes.
Nicholas Mendes and Associates,
Midland House
New Road,
Halesowen

British Airways' leasing decision

From the Chief Executive.
British Airways

Sir, — Mr Darke, the national organiser, Aerospace, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers, is wrong when he says (September 8) that British Airways' decision to lease Boeing aircraft and not commit itself to the Airbus A320 has nothing to do with noise legislation and has everything to do with the Government's plans for privatisation. It is a fact that UK noise legislation requires us to dispense with our Trident fleet of aircraft by January 1, 1986.

The leasing arrangement is clearly the most logical, sensible and economical decision and furthermore it keeps open all our options — including the A320 — until we know more precisely the likely pattern of future air travel and our aircraft requirements to meet it.

The A320 will not be available before 1988-89 at the earliest, and it does not make sound financial and commercial sense for British Airways to commit itself so far ahead to a plane which exists only on the drawing board.

British Airways has long supported our aerospace industry, including most recently in our choice of the Boeing 757 which has Rolls-Royce engines and a higher British value content than the comparable Airbus aircraft.

If the backers of the Airbus A320 are convinced of the excellence of their aircraft, then I suggest they go ahead and build it. British Airways will give it very serious consideration.

Colin M. Marshall.
PO Box 10, Heathrow Airport (London), Hounslow.

Uranium mining in Australia

From the Executive Officer,
The Uranium Institute

Sir,—Writing about the recent violence at the Olympic Dam mine in Australia, August 29, your correspondent refers to the "growing opposition in Australia to the mining and export of uranium" as fact. This is highly questionable. Indeed, there is evidence that support for uranium mining is growing.

Gallup polls have posed the question "do you think Australia should — or should not — develop and export uranium for peaceful purposes?" on three occasions. In June 1979 51 per cent responded positively. This percentage rose to 58 per cent in June 1981 and in the recent poll of July 1983 stood at 66 per cent. Over the same period those responding negatively declined from 36 per cent to 26 per cent.

The recent violence may mark *growing vociferousness on the* part of those opposed to uranium mining in Australia, but it is questionable to imply that opposition is growing.

Jan Murray.
The Uranium Institute,
Eighth Floor,
New Zealand House,
Haymarket, SW1

Solicitors and conveyancing

From Mr J. Pratt

Sir,—Much of what Mr Holland says (September 8) is true but he does not deal with the central issue of why solicitors in conveyancing transactions, unlike virtually anyone else carrying on business in this country, *should* be protected from competition by a statutory monopoly.

While consumers of conveyancing services should, of course, be protected *in the same* way that other consumers are protected, why does consumer protection for this category of consumer require that they should be obliged to go to solicitors to have their houses conveyed? If Mr Holland was really concerned about consumer protection, would he not argue in favour of relaxing the "monopoly" so that non-solicitor conveyancers, subject to certain safeguards such as compulsory negligence insurance, could provide a full conveyancing service? It would then be up to the consumer to decide whether he wished to avail himself of the added protection in using solicitors to which Mr Holland refers.

While chairman of the London Young Solicitors Group, I was aware that a substantial number of my members did not wish to retain the "monopoly." I believe that a majority of *solicitors practicising* in London (whether "young" or "old"), and a sizeable minority of solicitors practising in the provinces, do not wish to rely on a monopoly to attract conveyancing customers.

I have no statistical evidence to support this view but equally the Law Society has not obtained any evidence of widespread support for its efforts to retain the "monopoly."

While I for one, as a non-conveyancer, would always use a solicitor in my house purchases and sales, I cannot believe that it can be right, as Mr Holland suggests, to force others to do so.

J. H. Pratt.
The Old Schoolhouse,
Sutton Sourtenany,
Abingdon, Oxon.

A policy of cheap money

From Mr A. Mitchell MP

Sir,—Codswallop is the only *word to describe Mr Samuel* Brittan's dissertation (Lombard, September 5) on interest rates.

The "law of one price" from which he derives his own "law of one interest rate" is a monetarist fantasy which is why it is difficult to establish statistically. The "law" was first put forward by Gustav Cassell in 1916 to explain the violent movement in exchange rates after the collapse of the Gold Standard. It was effectively debunked by Jacob Viner in his brilliant *Studies in the Theory of International Trade.* Despite this it was conjured up by the Government's present Chief Economic Adviser and others to explain differences in the rate of inflation after the breakdown of the Bretton Woods system.

Readers who live in the real world will know that the economic convergence implied in the "law of one price" does not and never has existed. There is instead a "law of continuous causation" which has the opposite effect. Countries which devalue benefit from increased economies of scale and vice versa. Japan and the UK are the extreme cases.

What about the "law of one interest rate"? It is true that in the absence of exchange control and other forms of Government intervention UK interest rates are largely determined by rates in other countries. This is not due to any law of economics. It could be ended tomorrow if the Government wanted to reduce unemployment by reversing the ratchet of tight money, high interest rates and high *exchange rate.*

Mr Brittan's calculation of the effect of the mortgage subsidy on the cost of borrowing is also false because it *ignores* the external aspect. The export of capital since exchange control was lifted is many times greater than the sum of money which would be released for productive industry if the subsidy were to be ended. The sum of money would be a drop in the international bucket and it is inconceivable that it would have a significant effect on the level of interest rates internationally, which is what is now allowed to determine the level of UK interest rates. Industry is being "crowded out" by those who have voted against the policies of this Government with their financial feet.

What is needed for recovery is a policy of cheap money which would enable the interest subsidy to be phased out so that it ended when the standard mortgage rate fell to 6 per cent Mr Brittan's time would therefore be better spent examining the lesson of the thirties and considering how the massive expansion in the money supply which is required to repair the damage which has been done to our economy by the policies pursued since 1975 could be contained if and when the expansion in the real economy had to be checked because of the effect on prices. What in my view would serve the purpose is a selective control over credit based on *differential* reserve requirements at nil or reduced rates of interest, the severity depending on the trade-off, if any, between inflation and employment. This would not of course rule out increases in VAT and national insurance charges to neutralise excessive wage and price increases.

Austin Mitchell.
House of Commons, SW1.

The mortgage situation

From Mr B. Jamieson.

Sir,—Alistair McBay (September 6) says that banks assured borrowers that they were committed to home loans for good, which I do not think was quite true, and then he goes on to say that now that mortgages are not so *profitable they* have effectively shut up shop. In fact surely, mortgages are now more profitable bearing in mind that there is a bigger differential between the rate charged and the present base rate.

The reason that the banks have had to pull out of the market is not because they are less profitable but because banks simply do not have the funds available for lending on a long term basis. The reason for that is that the building *societies are presently* offering interest rates to investors which are some 2 per cent or more above other market rates and, therefore, the banks cannot hope to compete for those funds. This means that the banks are to a large extent dependent on buying money "wholesale" which is more expensive and gives very little or non differential for lending onwards at mortgage rate.s.

It *needs to* be borne in mind that at the present interest rates are well above the rate of inflation — something which has not prevailed for many years.

I think it is also worth making the point which is rarely stated that the building societies are continually having repayments on mortgages coming into their coffers on a monthly basis and much of this money is available for on lending. It is not only the new money from investment.

B. G. W. Jamieson.
18, Binfield Road,
Byfleet, Surrey.

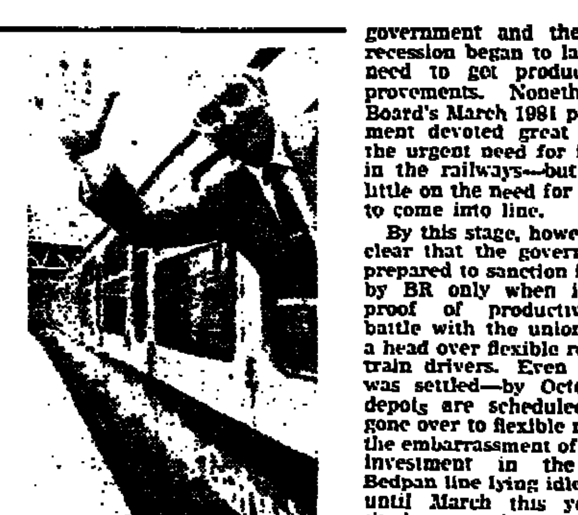
British Rail's future

Tough lines and hard times

By Hazel Duffy, Transport Correspondent

THE urge to sketch people and places, the art of writing the classical 17-syllable Japanese poem, the poem of dedication written by his old friend Sir John Betjeman — these subjects interlace as effortlessly as ever in conversation with Sir Peter Parker, who left British Rail last Friday after seven years as chairman.

"Winning on the railways meant that I should be succeeded by a career railwayman and Bob Reid is just that," says Sir Peter Parker (right) who retired as chairman of British Rail last Friday



Ashley Ashwood

The man who found time to review a new book on William Blake during the rail strikes last year, and to compare the participants at a National Economic Development Council meeting in his mind's eye to Swan Lake on the stage, can turn round honestly and say: "My work at BR has never been a strain."

But it is not by his conversation that Parker's seven years at the top of this most traditional and hierarchical establishment will be judged, but by the legacy he has bequeathed *to his successor, Mr Bob Reid,* presently the chief executive, whose appointment as chairman was announced only a week before Parker left.

The railways continue to consume a huge and growing chunk of public expenditure—£913m last year against £670m in 1976 (1982 prices)—which *does nothing to endear them to* Mrs Thatcher. British Rail has also failed to meet the Treasury's financial targets for those activities classed as the "non-social railway," ie Inter-City and freight.

Perhaps most significantly of all, the government is not impressed by BR's manning levels. These remain largely a reflection of failure to come to grips with key productivity issues early in Parker's career.

In the eyes of the public, meanwhile, the quality of BR's service has deteriorated over the past seven years. There has been some improvement in recent months, but over the period punctuality has declined, the network has got smaller, cross-country journeys have become more awkward, and complaints about dirty trains have increased.

But BR is now being managed more as a business than as a public service—a trend which is at last earning it government approval. Much of the credit *for this goes to Reid,* who masterminded the sector management structure introduced at the beginning of 1982 which created five separate business sectors.

The recently published corporate plan which looks to 1988 similarly reflects Reid's tougher management stance. Gone are the pleas to government for more investment to lure the unions to come into line—the "glittering prizes" as Parker *termed electrification* and the Channel tunnel. BR now acknowledges that it will have to finance most of its investment alone.

It is significant that BR's plan envisages a declining government grant until the Public Service Obligation (PSO) will be back in real terms in 1986 to the level of that paid in 1975.

If BR is to achieve its target, it has to increase revenues from passenger and freight business; but more important, it has to *make savings of around £200m* by 1988. This has to be met largely through rail staff reductions—15,000 to go between end 1983 and 1988—and increased productivity.

Aslef, the train drivers' union, has already dubbed the latest plan a "blueprint for decline." The strength of Aslef has been much diminished by last year's strikes. But the NUR, under its new leader, Mr Jimmy Knapp, may well be disruptive over BR's plans to close part *of BR Engineering*—the first compulsory redundancies enforced by BR.

The weakening of the union under the Thatcher government, did much to help BR push through its productivity package after last year's strikes, and this encourages those who believe that Reid—with his reputation as a tough man on the unions—will have an easier ride in getting his plans through than did Parker.

Parker's critics see his continued postponement of the seemingly inevitable confrontation with the unions as his most glaring failure as a manager. When he came to BR in September 1976, the morale of the workforce was exceptionally low, and management was not particularly disposed towards another outsider. Parker chose to work with people rather than against them.

His aim was to raise morale, in which he was successful. But the issue of productivity and flexible working practices, spelt out in the 1976 Rail Policy document, was avoided.

His well-aired belief in participatory policies began to get him dubbed a "consensus man." He vigorously denies this tag now: "I did not want to solve everything by consensus. At that first meeting with the NUR, I had a big row with them because I told them what I was going to do. A manager must have the nerve to expose him*self, and be prepared to stand* firmly in his corner. It has nothing to do with being cosy."

The election of the Thatcher government and the onset of recession began to lay bare the need to get productivity improvements. Nonetheless, the Board's March 1981 policy document devoted great chunks to the urgent need for investment in the railways—but said very little on the need for the unions to come into line.

By this stage, however, it was clear that the government was prepared to sanction investment by BR only when it saw the proof of productivity. The battle with the unions came to a head over flexible rostering of train drivers. Even when that was settled—by October 3 all depots are scheduled to have gone over to flexible rostering—the embarrassment of the £150m investment in the so-called Bedpan line lying idle remained until March this year, when single manning was finally agreed.

The major, although slow, progress on productivity that followed last summer was marred by the report on the railways of the Serpell committee. The Board itself had requested the review, believing it would prove its case that the long-term future of BR lies with government investment in track renewal, new rolling stock, locomotives, etc.

But the report, handed to Parker on Christmas Eve, was a bitter disappointment in its failure to back the Board's claim for more new investment. Serpell was followed by uncertainty over Parker's successor: it began to look during the summer as though the government had forgotten the railways.

Then came the announcement of Reid's appointment and Parker's spirits lifted. He recalls that he was asked at the outset of his chairmanship: "What does winning on the railways mean?" and he replied: "That I should be succeeded by a career railwayman." Reid is just that.

It is ironic that Parker, who staked much of his career on trying to get government to approve visible signs of success—particularly electrification—may be judged ultimately as having succeeded because he backed the right man as his successor. Parker leaves without those visible signs, but he leaves Reid—a man who will work within the tight confines of economic reality—to build up the more efficient railway for which Parker strove.

FINANCIAL TIMES
Tuesday September 13 1983

SAUDIS CONTINUE LEBANON PEACE MOVES

U.S. increases task force strength

BY PATRICK COCKBURN IN BEIRUT

SOME 2,000 U.S. marines joined the U.S. task force off the Lebanese coast yesterday in a bid to strengthen the position of the 5,000 strong multinational force stationed in and around Beirut.

The force has come under intermittent artillery attack over the last month.

The insecurity of the U.S., French, Italian and British troops was emphasised yesterday when the marines came under small arms fire from nearby slum areas dominated by the largely anti-government Shi'ite sect.

The Government of President Amin Gemayel hopes that its position will be shored up by greater military support from the U.S. and other governments contributing to the multi-national force.

Increased help from Washington seems more likely as U.S. officials here backed up government claims that Syrians, Palestinians and Iranians as well as *Druze militiamen*, have been involved in fighting against the Lebanese army.

But the bulk of fighting is still being done by the Druze and the Government has not been able to produce much evidence of massive foreign intervention.

The Government in Beirut would clearly like U.S. and French aircraft to support its army's efforts to hold hill positions overlooking the capital.

Diplomatic moves to end the fighting continue with Saudi Arabia's Prince Bandar bin Sultan shuttling between Cyprus, where he meets President Amin Gemayel's security advisor, Wadi Haddad, and Damascus, where he speaks to Mr Walid Jumblatt, the Druze leader, and Syria's President Hafez al Assad.

The Druze and the Syrians show little signs of moderating their demands for direct Syrian involvement in talks on a new government and virtual veto on how this government should be constituted.

Their confidence has grown as a result of their victories over Chris*tian militiamen last week and the* failure of Israel to intervene on the side of the Christians to whom it was formerly closely allied.

Meanwhile, diplomatic sources in

Mr Amin Gemayel

Damascus suggest that the Saudi peace plan provides for a general ceasefire and for an enlarged Lebanese conference that would include both Christian and Druze represen*tatives, as well as the Lebanese* Government of President Gemayel, who yesterday convened a top-level meeting to consider the draft agreement.

On the key issue of the future role of the Lebanese army, the diplomatic sources said that it is being suggested that civil police forces take over responsibility for security in the Shouf montains.

The draft proposal seems to call for the army not to be used in "domestic" troubles involving the various factions now fighting each other.

There was little change in the situation at the battle front yesterday. The army is fighting to retain its position at Souq al Gharb overlooking the capital, which is of critical strategic *and symbolic significance* for the Government.

The Christian militia forces say they have regained control of two villages in the Shouf mountains to the south of Beirut, but Druze soldiers are confident they will overrun the whole area in a few days.

They may then cut the road link*ing Beirut with the city of Sidon* to the south, which the Lebanese army, very short of men to meet all its commitments, has been unable to secure.

Soviet missile hints 'yet to be clarified'

By Bridget Bloom in London

THE SOVIET UNION'S much publicised hints that it is now prepared to be more flexible at the European missile talks in Geneva have yet to be translated into concrete proposals at the negotiations themselves, a senior U.S. official said in London yesterday.

Mr Richard Burt, Assistant Secretary of State responsible for arms control at the State Department, said that neither the Soviet proposal to destroy some of its new SS20 missiles nor an earlier offer to count warheads rather than the missiles had been clarified by Soviet negotiators at Geneva.

"When we get round the negotiating table these concessions never quite appear," Mr Burt told a press conference following a one-day meeting of Nato's Special Consultative Group (SCG), the body which co-ordinates Nato policy on the medium range missile talks.

The SCG broke with tradition to meet in London rather at Nato's headquarters in Brussels in an effort, officials said, to stress the unity of Nato as the December deadline for the deployment of new cruise and Pershing 2 missiles approaches. The first cruise missiles will be deployed in Britain and the Pershing 2s in Germany.

The high level group of officials issued a strongly worded commu*niqué which stressed that the* deployments would go ahead in the absence of real concessions by the Soviet Union, though it said that missiles deployed could later be removed if agreement was reached.

Mr Burt appeared to cast doubt on suggestions that the Soviet Union might now be prepared to drop its insistence that British and French nuclear missiles must be included in any agreement on medium range missiles, so far a major obstacle to progress in Geneva. Herr Genscher, the West German Foreign Minister, said at the weekend that, following talks with Mr Gromyko, the Soviet Foreign Minister, he believed Moscow might now agree to shift the question of the British and French missiles into the Start negotiations of strategic missiles.

Mr Burt said he had "really no new information" on this. Other U.S. officials have been blunter in private, suggesting that Herr Genscher made his remarks principally to meet opposition criticism within Germany to the deployment of the new missiles.

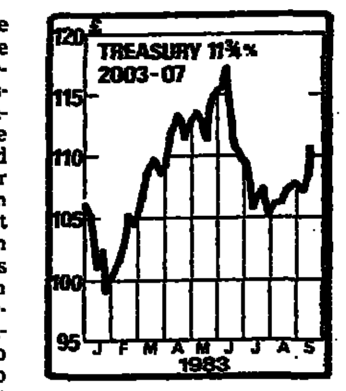
Mr Burt also parried questions about reports from Washington that President Reagan has authorised a more flexible U.S. negotiating stand at the Geneva talks. It has been suggested that the U.S.

THE LEX COLUMN

Gilt-edged in the fast lane

Over the last two Fridays, the U.S. money supply indicators have emerged far below consensus forecasts. Alongside other recent statistics, that has been enough to convince some observers that the rate of economic growth has slowed sharply. As a result, the dollar weakened yesterday: a comparison with what happened through last year may prove instructive. Then the prospect of lower interest rates encouraged purchases of dollars in order to participate in the prospective capital gains offered in the financial markets, with a flight to quality a reinforcing factor. To judge by yesterday's reaction, it seems that anyone who wants dollars already has them.

So the coupling of the U.S. and other markets now looks to have been *significantly* loosened, while on stering's behalf the word petrocurrency is no longer the obscenity it was. Gilts responded to the greater freedom for domestic action by jumping two points, although the extent to which the UK money supply indicators remain outside the target suggest that there will be no imminent reduction in domestic interest rates. The authorities, meanwhile, took the opportunity to announce a new tap, transparently designed to appeal to the new rich – the building societies – while the extended terms for payment signal a certain relaxation over the funding program.



Food prices

This year's poor farming weather in Europe and the U.S. is set to create crop shortages after a period of surpluses. The reversal will create an acceleration in food price inflation, which is currently standing at a modest 4½ per cent in the UK. According to London brokers James Capel, that figure could be *nearer 9 per cent by the first quar*ter of 1984. The increase will be heavily biased towards fresh fruit and vegetables, where the increase on an annual comparison could be as high as 30 per cent by early next year.

For the food multiples the implications are unambiguous. Inelastic demand for food means that price rises are invariably reflected in higher turnover and profits, especially when cost inflation is under control, and the sector has begun responding to this prospect over recent weeks. The best gains may not be seen by retailers specialising in fresh foods, such as Sainsbury, since there may be a volume decline to offset higher prices. However, switching to canned foods may produce benefits to retailers like Kwiksave.

The biggest beneficiary should be frozen food retailers, such as Bejam, who have been hard hit by the surfeit of fresh foods. Rising prices should encourage freezer stocking, and while frozen vegetables contritute only about 15 per cent of turnover, they have the effect of drawing shoppers into stores.

With food retailing absorbing a greater proportion of disposable income, non-food retailers, especially those catering to lower income groups, could find sales adversely affected. This may explain the recent flat stock market performance of stocks like MFI in spite of strong current trading. More difficult to determine is the effect of the sharp increase in U.S. grain prices, which threatens to have a more general impact in inflation and inflationary expectations.

Milk distribution

The Co-operative Wholesale Society (CWS) did not intend to cast itself as a supergrass this summer when it owned up to a long list of *restrictive practices in its milk dis*tribution business. Its admissions have unavoidably pointed a finger at many of its major competitors, however. Yesterday's action by the Office of Fair Trading (OFT) in attacking the belatedly registered practices, while in one sense a formality since the CWS claims to have abandoned them, anyway, *does therefore imply the possibility* in theory at least that the OFT might now be embarking on an extended cleansing campaign to promote more competition between the milkmen.

The timing of this move seems a little odd. Since the OFT decided early in 1981 not to refer the milk industry to the Monopolies Commission, the level of competition has undoubtedly grown, with shop sales of milk for example, advancing from 10 to about 15 per cent of the total. The enactment of the Importation of Milk Act will shortly add further to the changed mood by allowing imports of UHT from continental Europe. Nevertheless, the OFT has clearly left itself the option to move on a broad front just as the industry was congratulating *itself on almost halting* the decline in milk consumption evident since 1977.

Mr Raper

After a tangled saga in which London's Takeover Panel described Mr Jim Raper as unfitted to be a director of public companies and Mr Raper complained that the Panel was a Star Chamber, operating *without* regard to natural justice, last weekend's concordat between the two parties comes as one of the less likely events in the City of London's history of self-regulation.

The agreement is supposed to put an end to the conditions arising from Mr Raper's takeover of St Pi*ran, in the course of which* the Stock Exchange prohibited its members from dealing with Mr Raper and suspended the quotations of companies he controlled – including St Piran itself and its subsidiaries. The Stock Exchange Council should soon lift these proscriptions, now that the offences against the Takeover Code are held to have been purged.

Critics of self-regulation are bound to argue that Mr Raper has been too easily forgiven. The unfortunate shareholders in St Piran have not, after all, received the full price stipulated by the Panel back in April 1980. Nor will they derive much compensation from Mr Raper's current expressions of remorse.

The point seems to be that this regret is accompanied by such assurances of good behaviour as to disarm the Panel's past doubts about Mr Raper. If St Piran consults the Panel in future on any ambiguities it may uncover in the Code, and engages financial advisers to keep it on the straight and narrow, all will be well.

So long as Mr Raper's plans involve the use of his quoted vehicle – Milbury – and thus rest on keeping in good odour with the City, this resolution should work well enough. But that just underlines one again that the self-regulatory system can only control people who already want to keep the rules. Two-and-a-half cheers.

Immigrants 'stretch Bonn social security'

By Jonathan Carr in Bonn

FOREIGN workers and their families in West Germany are receiving a growing share of key benefits provided by the country's sorely-stretched social security system.

A report released today underlines that foreigners there have the same legal right as Germans to social benefits, and have to make the same contributions. But it also stresses that foreigners have much bigger families than Germans, they are ill more often, and the proportion unemployed is well above the national average.

The report by the Institute of the German Economy (IW) in Cologne makes clear the financial reasons why the Bonn Government is keen to limit, and if possible cut, the number of foreigners in Germany. Beyond that, it reveals a potential for growing social friction between the 4.7m foreigners (7.6 per cent of the population) and Germans at a time of increasing joblessness and budget stringency.

The report shows:

- *The number of foreigners* receiving social welfare benefit (for those in special need) has gone up sharply. In 1970, foreigners accounted for only 1.3 per cent of those receiving benefit: in 1981, the share was 9 per cent, and growing;
- Last year, DM 2.03bn ($759m) in family allowances was paid out for 1.7m foreign children (nearly 15 per cent of all children eligible for payment). The biggest single slice (DM 1.1bn) went for Turkish children, followed by Italian (DM 263m) and Yugoslav (DM 226m). Changes in the system this year indicate that foreign families will have a still bigger share of children's allowances in future;
- The unemployment rate of 14.1 per cent for foreigners (May, 1983) is well above the national average (8.8 per cent) largely because foreigners are often in less skilled, and hence less secure, jobs than their German colleagues.

Political outcry in France after National Front election victory

BY PAUL BETTS IN PARIS

THE ELECTION of four members of the extreme right French National Front to the town council of Dreux – a town with a large North African immigrant population, 55 miles west of Paris – caused a major political outcry in France yesterday.

It is the first time the National Front has won seats on the council of a medium-sized French town of about 35 000 people. Their election, after a bitter campaign centred on the immigrant issue, reflects the climate of racial tensions prevailing in many parts of France.

The election on Sunday at Dreux, a town which has become a case history of immigration in France, represents an important political defeat for the ruling Left. Until this year, Dreux has been a symbol of the advances of a new breed of young socialists close to President François Mitterrand and M Pierre Mauroy, the Prime Minister. These young socialists included Mlle Françoise Gaspard, the former major of Dreux.

But the defeat of the Left could also prove to be a pyrrhic victory for the Right. The opposition polled 55.33 per cent of the vote at Dreux, *but the traditional right-wing* parties, including the neo-Gaullist RPR and the centrist UDF, have been divided by their controversial decision to team up with the National Front at Dreux.

Violent demonstrations broke out in Dreux on Sunday night after the defeat of the Left. While they had been reluctant to join forces with the *National Front*, the *RPR* and the UDF decided on the alliance after the National Front polled an unexpectedly high 16.7 per cent of the vote during the first round of the elections the previous week.

Many leading members of the traditional Right denounced the alliance with the National Front at Dreux. Among the most notable dissidents was Mme Simone Veil, the former minister in President Giscard d'Estaing's Administration, who openly opposed the decision and urged voters to abstain.

Significantly, however, the turnout at Sunday's Dreux election was higher than in the first round, and the rate of abstentions much lower. *This further reflected* the depth of feeling caused by the race issue there.

The Socialist Government has become increasingly aware of the potentially explosive nature of the immigrant problem in France, and has just introduced new measures to clamp down sharply on illegal im*migrants in the country.*

M Mauroy said yesterday that the Dreux result threw what he called "a harsh light" on France's immigration problem. He renewed his Government's recently-announced policy towards the issue involving, in his words, "no new immigrants, the escorting of illegal immigrants to the border, and better integration for immigrant workers who have lived with us for many years."

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Oil stocks at three-year high

Continued from Page 1

in the 17.5m b/d limit and the quotas for individual countries.

The majority within Opec are believed to be in favour of extreme caution with the present ceiling. They are worried because it has been breached and continued overproduction could undermine the price structure based on a reference price of $29 per barrel established in the spring and defended successfully since then.

Last week Dr Said Mana al Otaiba said he saw no justification for raising the ceiling.

Saudi Arabia and Kuwait are known to think that any increase in the 17.5m b/d ceiling could jeopardise the whole delicate pact on production and prices because of the disagreement and disputes over individual quotas likely to arise. For the same reason they are against an extraordinary ministerial conference being convened in the wake of monitoring committee's meeting.

At the same time other producers, especially Iran, are resentful that Saudi Arabia has benefited from the stronger demand for oil in the third quarter.

WORLD OIL SUPPLY AND DEMAND IN 1983
(millions of barrels a day)

1983:	1st quarter	2nd quarter	3rd quarter	4th quarter	Total 1983
Demand	44.9	43.0	42.3	45.7	44.0
Non-Opec oil supply	24.9	25.5	25.7	25.7	25.5
Additional requirements	20.0	17.5	16.6	20.0	18.5
Opec production:					
Crude	15.3	16.5	18.0		
NGL	0.8	0.8	0.9		
Total	16.1	17.3	18.9		
Supply/demand balance	− 3.9	−0.2	+2.3		
Total oil supply	41.0	42.8	44.6		

Source: International Energy Agency

Stock market changes

Continued from Page 1

giving effect to them are to be put to members at an extraordinary general meeting on October 11. A 75 per cent majority is required to approve the measures.

At a meeting of the ruling council last week which discussed how the changes and the negotiated settlement with the Government was to be presented to the members, Sir Nicholas Goodison, the chairman of the Stock Exchange, warned that there were "plenty of risks" in the agreed deal.

As part of the deal the Stock Exchange agreed to dismantle by stages all the rules which set minimum scales of commission on transactions carried out in the market, with a final cut-off date of December 1986.

Sir Nicholas has told council members that unless the Stock Exchange accepts the deal with the Government its affairs could still be affected by restrictive practices legislation in the future

Brazil set to accept IMF debt package

Continued from Page 1

have to draw up their quarterly balance sheets.

Some of these banks thus still face having to place their loans in a special "non-accrual" balance sheet position, unless the arrears are reduced by then.

Dr Leutwiler said that Brazil's commercial bank creditors, who have also blocked disbursement of a $4.4bn loan since May, appear unlikely to resume lending until the IMF board has formally approved Brazil's new economic policies as set out in the Letter of Intent. Opposition to an immediate resumption of disbursement once the IMF Letter of Intent is signed is strong among European banks, he said.

The country's critical shortage of foreign exchange has been a source of extreme nervousness in financial markets for several weeks, leading to fears of a default on its $90bn foreign debt. Brazilian officials had been hoping for an immediate resumption of lending once the Letter of Intent was signed.

Though this now appears unlikely, the way is being cleared for implementation of the rescue package once the IMF endorses Brazil's economic programme. One factor that is likely to prevent an immediate endorsement is the IMF's wish to wait until the country's controversial new salary law, limiting wage increases to 80 per cent of the inflation rate, has passed Congress.

Regional presidents of the Brazilian Government-backed Partido Democratico Social (PDS) yesterday called for the rejection of the salary law and for overall changes in economic policy.

On Sunday, the President of the Chamber of Deputies, Sr Flavio Marcilio, himself a PDS member, *said in a newspaper interview that* a "preponderance" of congressmen were opposed to the proposed limitation of all wages to 80 per cent of the official inflation figure.

Congress is expected to vote on the controversial measure in early October. But if it is rejected, it could still be passed into law by the President himself by the end of the month.

Meanwhile, the BIS yesterday postponed formal agreement on a separate $3bn loan to the IMF itself. This loan would boost the fund's liquidity pending ratification of its proposed SDR 30bn increase in quota subscriptions by member governments.

ENI signs funding package

By Rupert Cornwell in Rome

ENI, the Italian state energy agency, yesterday signed a L1,000bn ($625m) financing operation with a pool of 84 banks, led by the Banco di Roma, in what is claimed to be the largest such operation of its kind ever mounted in Italy.

The facility will run for 18 months, and *is divided into two parts: L675bn will take the form of a* straight financing, while the remaining L325bn will be available as a standby credit. The rate of interest is tied to the prime rate operated by the Italian Banking Association, and the three-month interbank lira rate.

The total sum being made avail*able to ENI is double that originally* sought by the agency, and the 84 banks involved include not only the biggest Italian banks, but almost every foreign bank currently operating in the country. The proceeds will be used in part to help finance ENI's huge investment programme, amounting this year to L4,300bn.

The increase in the size of the facility and the speed with which it was organised reflect in part the current comfortable liquidity of the Italian banking system. But it is also intended as a signal of the credibility of ENI under its chairman for the past seven months, Sig Franco Reviglio.

His appointment last February *came after a prolonged period of* uncertainty at ENI. Sig Reviglio is the agency's seventh chairman in the space of five years. In 1982 the group reported record losses of over L1,700bn – largely as a result of debt servicing charges and the chronic problems of its chemical sector.

Pensions system moves, Page 2

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	22	72	Dubrovnik	C	24	75	Malaga	F	26	79	Salzburg	R	14	57
Akrotiri	S	27	81	Faro	S	23	73	Malta	S	30	86	Seoul	S	28	82
Algiers	S	29	84	Florence	F	24	75	Manila	C	33	91	Singapore	C	31	88
Amsterdam	F	16	61	Frankfurt	C	14	57	Miami	C	31	88	Stockholm	S	18	64
Athens	S	28	82	Funchal	C	22	72	Milan	S	23	73	Strasbourg	C	13	55
Bahrain	S	35	95	Geneva	C	12	54	Moscow	F	16	61	Sydney	—	—	—
Bangkok	S	33	91	Gibraltar	S	26	79	Munich	R	12	54	Taipei	C	33	91
Barcelona	S	23	73	Guernsey	C	13	55	Nairobi	—	—	—	Tangier	S	23	73
Beirut	S	28	82	Helsinki	R	13	55	Naples	F	25	77	Tehran	—	—	—
Belgrade	F	22	72	H. Kong	C	29	84	New Delhi	S	36	97	Tel Aviv	S	30	86
Berlin	C	16	61	Innsbruck	C	14	57	New York	C	36	97	Tenerife	C	25	77
Biarritz	F	19	66	Inverness	C	10	50	Nice	S	24	75	Tokyo	R	30	86
Blackpool	F	13	55	Istanbul	S	24	75	Oporto	S	21	70	Toronto	S	25	77
Bordeaux	C	18	64	Jersey	C	14	57	Oslo	F	16	61	Tunis	S	28	82
Brussels	C	11	52	Jo'burg	S	23	73	Paris	C	15	59	Valencia	F	23	73
Budapest	C	16	61	Las Palmas	C	24	75	Prague	C	14	57	Venice	S	21	70
B. Aires	S	20	68	Lima	C	21	70	Reykjavik	C	10	50	Vienna	F	16	61
Cairo	S	35	95	Lisbon	S	23	73	Rio de J'o	C	23	73	Warsaw	C	19	66
Cape Town	—	—	—	Locarno	C	18	64	Rome	S	25	77	Zurich	R	10	50
Caracas	C	29	84	London	C	15	59								
Casablanca	S	23	73	Los Angeles	S	39	101								
Copenhagen	S	16	61	Luxembourg	C	10	50								
Corfu	S	26	79	Madrid	S	23	73								
Dublin	C	11	52	Majorca	F	26	79								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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SECTION IV

FINANCIAL TIMES SURVEY

The Netherlands

BANKING, FINANCE AND INVESTMENT

Radical approach to restore prosperity

FOR GENERATIONS there has been no equivalent of Skid Row in the Netherlands. Social concern and prosperity have ensured adequate provision for all. In 1983, as the world economic recession batters the Dutch economy, that capacity to cope is being strained to its limits. Steps have had to be taken to ensure recovery and every section of society, from top bankers to the unemployed, has been forced to play its part.

Mr Ruud Lubbers, the affable, born-to-money industrialist who serves as Prime Minister in the Christian Democrat-Liberal coalition that has governed since last November, seems an unlikely candidate to see through this new industrial revolution. A moderate man with an active social conscience and a willingness to please, he does not appear to have that quality of Thatcherite steel in his make-up that might be thought essential to the taking of tough decisions.

The facts, however, belie any such analysis. Under Mr Lubbers the Dutch Government has acted with more resolve and unfudged determination to rebuild economically from the bottom up than any other administration in Western Europe. Politicians and social theorists may dispute the value of what has taken place in the Netherlands in the past year. Few, though, would doubt that it has been radical.

Unemployment, which in the 1960s and early 1970s was so low that one former Minister cannot recall discussing it in cabinet, now stands above 800,000. That is an estimated 17.3 per cent of the working population and the most serious statistic of its kind in the European Community. Mr Lubbers is known to be concerned about the situation. Yet he has steadfastly refused to do anything that might create work on a large scale. On the contrary, he has seen to it that, in the public sector, as many jobs as possible are axed. His argument is that it is only economic recovery that can re-establish jobs that matter—jobs with a future.

The welfare state—generous, beneficent, essentially tolerant, and in some ways modern Holland's proudest boast—is in intensive care and the Labour opposition in Parliament would argue that its life-support system may be switched off. Hospitals have been closed, 8,000 teachers and lecturers are to be dismissed, secondary education may cease to be entirely free, child benefits are to be frozen, disability and unemployment payments are to be reduced by 3.5 per cent. Ministers stress that they are merely scaling down a network the nation can no longer afford. The system itself will remain. But for a people used since the 1950s to "unending" growth the shock has been profound.

Taxes to be eased

On the industrial front taxes are to be eased to encourage increased investment and stimulate profits while personal taxation is to rise. Only those companies with clear potential for growth are to receive state aid. RSV, the giant shipbuilding and engineering group, was struck from the list. The holding company went bust and 6,000 workers were added to the dole queues.

In all the Government intends making savings in 1984 worth Fl 11.8bn. Public borrowing in the Netherlands rose from 4¼ per cent of Gross Domestic Product in 1979 to 8¼ per cent last year, while the budget deficit this year, including the effect of borrowing, is expected to reach 11.5 per cent of national income, or 10.3 per cent of Gross National Product. The Cabinet's aim is to reduce this latter figure to 7.4 per cent in the life of the present Parliament; to do this public spending must be cut ruthlessly all along the way. Savings of Fl 15bn were instituted this year and the 1983 financing deficit should work out at around Fl 37.3bn.

As illustrations of how tough the coalition is prepared to be Mr Bert deVries, floor-leader of the Christian Democrats, last month pronounced himself "happy" about the pay cuts to be borne by civil servants next year (the net effect of which is around 6.5 per cent) while Dr Rudolf de Korte, the Liberals' financial spokesman, said that all cuts should be "real and actual," with reductions in welfare benefits exceeding even those in wages.

Will the medicine work?

Manufacturing output, seasonally adjusted, fell by 1 per cent in June compared with May. In the second quarter output was marginally greater than in the previous two quarters but still 3 per cent down on the April-June period of 1982. Only the chemical industry appears so far to have made any significant gains.

In terms of trade there was a Dutch surplus of Fl 8bn for the first six months of this year—a decrease of 5 per cent over first-half 1982. Mr Lubbers has forecast an annual surplus on the current account of the balance of payments of Fl 10bn—slightly up on the adjusted Fl 9.8bn recorded last year—but analysts think he may be underestimating the potential now available. A total of Fl 11bn-Fl 12bn now appears far from impossible. Sales of natural gas, which fell badly last year, picked up 1 per cent in value and 7 per cent in volume in the six months to the end of June, and if this improvement, as seems likely, can be sustained, government revenues should be greater than previously expected.

Exports of manufactured goods and commodities rose by 2 per cent in value to Fl 93bn, while imports moved ahead by 3 per cent to a total of Fl 85bn. The strong dollar aided the process. Exports to the U.S., mainly of machinery, fuels and chemicals, jumped by 34 per cent, to stand at a six-month total of Fl 3.5bn. Statistics for trade with the UK were something of an exception to the general pattern. Exports to Britain fell from Fl 8.4bn to Fl 7.9bn, while imports eased from Fl 7.8bn to Fl 7.3bn—a drop of 7 per cent in both cases.

The rate of inflation throughout has remained enviably low. Between mid-June and mid-July the cost of living rose by 0.5 per cent, the same rate as during the equivalent period last year. According to the Economics Ministry in The Hague, the year-on-year rate dropped to 3.7 per cent in June compared with 4 per cent in May. It could yet be the case, as the Government and the central bank have predicted, that the December figure will have dropped as low as 2.5 per cent. Further falls are on the cards for 1984.

With industrial productivity high and still improving and with inflation falling, even the strong guilder (much improved from its temporary weakness following the realignment of the European Monetary System in March) is unlikely to do much to dent Dutch competitiveness. The Nederlandsche Bank has always argued that a robust guilder, operating in tandem with the Deutsche-mark, keeps imports cheap while not harming exports. This logic would not apply in every country, but Dutch manufacturing, despite its other problems, has consistently operated efficient production lines, and the de-manning that has accompanied the recession has done much to aid the process.

The Nederlandsche Bank's major pre-occupations this year, aside from concern over the growth of a "hot money" circuit, have once again been interest rates and the preservation of liquidity in the Dutch money markets. The bank, under Mr Wim Duisenberg, has joined the Government in calling for a continuing reduction in interest rates and there have been various exhortations made to the U.S. in this connection.

Simultaneously, however, the Government's urgent need for cash from the capital markets has caused bond rates to climb again. In mid-June, a record Fl 8.5bn was raised through a state loan fixed at 9.5 per cent and since then rates on the domestic market have declined only marginally, to stand at around 9 per cent. But even this high level of attraction has proved unable on its own to keep the markets moving.

The problem has been simply lack of cash and it was in an effort to ease the financial drought that the Bank twice recently bought large volumes of dollars, thus releasing a flood of guilders into general circulation. When this first happened, in August, other central banks were desperately trying to sell dollars in a bid to depress its freakish rise, and there were raised eyebrows in various quarters abroad when the Netherlands was not seen to be playing its part. Last month, on three occasions, the position was further eased by special short-term loans to the markets through the banks valued collectively at Fl 11.2bn.

This rise in money supply in the Netherlands has been somewhat below the Western average. At the end of August the rise on the restricted M1 basis was 9.5 per cent compared with 10.9 per cent in West Germany, 7.2 per cent in Belgium, 14 per cent in Britain and 13.4 per cent in the U.S.

Interest rates generally have held fairly steady, with money market rates standing at around 5-5.25 per cent. Once this year the central bank has altered its rates without reference to the Bundesbank. Generally, though, concerted action has been maintained as the Dutch keep to their habit of ensuring that the West German economy and financial systems remain as accessible as possible to Dutch business. The key bank rates now stand at 5 per cent for the discount rate, 6 per cent for promissory notes and 5½ for the secured loan rate.

Revival

The commercial banks, operating one link further down the chain, have enjoyed a significant revival in their fortunes this year so far. Provisions for debt have continued high but both gross and net earnings are in most cases well up, while Dutch company bankruptcies — an important source of bank losses—are beginning to move down after the record peaks of 1982 and the early months of 1983.

Insurance companies and the Dutch internationals — Royal Dutch/Shell, Unilever, Philips and Akzo—have also reported improvements in their results. Lesser companies have enjoyed mixed fortunes, with the trend generally gently up. In the main it has been the traditional industries, especially steel and shipbuilding, which have remained recession-bound.

Businessmen are unwilling to forecast that the good times are coming back—and with 800,000 workless not everyone could be expected to concur if they did. Nevertheless, there has been a measurable improvement in orders and there is a feeling among entrepreneurs that the tide, at last, is on the turn.

Amsterdam's Bourse, and the European Options Exchange have reflected this rebirth of confidence in a slightly hysterical way, with each enjoying record highs on so many occasions recently that it has ceased to be news. Wall Street may set the pace; the Dutch are happy to maintain it.

More cautiously, investment has been picking up, particularly in the energy sector. Oil has been discovered in the Dutch sector of the North Sea, causing analysts and Government to announce that the Netherlands might—just might—be up to 35 per cent self-sufficient in oil within 3-5 years. Gas sales are also moving up, under strong pressure from the Treasury.

The Dutch, as their own Calvinist conscience keeps reminding them, are today paying the price for the profligate gas-fuelled years that ended so abruptly in 1980. The re-building that is now going on, with Mr Lubbers as a reluctantly stern foreman, will be slow and fitful and it could be a very long time indeed before the mass of the unemployed feel the benefit. What there is is movement, and it is in the right direction.

The capacity to cope with the world recession has strained the Dutch economy to the limits. Austerity prevails as every sector is forced to play its part towards recovery

RESULTS OF MAJOR DUTCH BANKS
(1983 1st half—Fl m)

	Gross profit	Per cent increase	Net profit	Per cent increase	Debt provisions	Per cent increase
ABN	690	31	228	22	248	32
Rabo	756	25	301	24	315	33
Amro	632	51	106	22	475	58
NMB	385	50	55	9	290	66
NCB	47	12½	6.3	10	40	50

This survey was written by Walter Ellis, Amsterdam Correspondent

CONTENTS

Results so far this year show welcome recovery

Whiff of revival in the air

The Banks

CONSOLIDATION is the dominant theme of Dutch banking this year. There is a whiff of economic recovery in the air and, having buttressed themselves against the vicissitudes of recent years by means of greatly increased provisions for debt, the banks hope that results for 1983 will mark at least the first tentative step out of recession.

Signs so far are encouraging. First-half earnings are in most cases well ahead of the opening six months of 1982 and provisions, while still heavy, are at least increasingly at a reduced rate. By nature cautious, Dutch bankers are unwilling to put up posters announcing of the recession that "the end is nigh." In private, however, they have begun to exude confidence again, while even their public statements cannot conceal their feeling that something, somewhere, is on the mend.

The major institutions, and many of the smaller, have been occupied with re-examining their organisational and market structures and in some cases gearing up for a more specialised approach. The bigger banks, it may be said, continue to gaze overseas in search of profit opportunities while lesser fry investigate the possibilities of the domestic pool. All are looking for new ways of making money and—only partly out of altruism, it is true—of helping Dutch industry get back on its feet after the last few difficult years.

Little changed

Little has changed in the line-up. As before, Algemene Bank Nederland (ABN), Amsterdam-Rotterdam Bank (Amro) and Nederlandsche Middenstandsbank (NMB) are the big three commercial banks. Rabobank, the co-operative giant, is in terms of gross profit, earnings and number of branches the biggest bank of all and over the past two years has been stretching itself in important new directions. Nevertheless, because of its confederate and co-operative status (it is not listed on any stock exchange) it is in a category of its own.

Next come the Nederlandse Credietbank (NCB) and Slavenburg's—the latter now renamed Credit Lyonnais Bank Nederland—and then the mortgage and savings banks. Mees and Hope and Pierson Heldring and Pierson, the two best-known Dutch merchant banks, are owned respectively by ABN and Amro, but F. van Lanschot remains independent in this sector and is one of the most profitable small banks in the Netherlands.

From a pure news standpoint, of course, the main feature of interest this year has been the so-called Slavenburg's affair—involving the arrest on fraud charges of 11 top past and present officials of the Rotterdam-based bank—and the more general allegation of participation in a black money circuit. Among those arrested was Mr Rudolf Slavenburg, a former chairman of the Board of Management. Bank earnings and provisions remain, though, the key indicators of performance in the sector and here, while 1982 was undoubtedly a bad year, things are certainly looking up.

Last year the big four banks (ABN, Amro, Rabo and NMB) added a total of Fl 2.58bn to their debt provisions — an increase of 47 per cent on 1981. Normally the provisions of the remaining banks would have added a further 10 per cent to the total cash figure. But the allocation by Slavenburg's, intended mainly to cover against fraud, took the final amount to just over Fl 3bn—a record. In the five years between 1978 and 1982, the Big Four added nearly Fl 7bn to their provisions and the banking sector as a whole some Fl 7.8bn.

Closely guarded

How much of this cash has been drawn down is a closely guarded secret. A report published in the authoritative NRC-Handelsblad in May estimated that in 1981 Fl 3.2bn was used—Fl 1.2bn more than had been added. If this is accurate and if such a disproportionate draw-down has continued since, the need for large-scale provisions is likely to have to continue for some time beyond the beginnings of the economic revival.

That revival—at least from the point of view of the banks—is already underway.

Earnings at ABN in the first six months of this year rose by 22 per cent to Fl 228m. Gross profit, often considered a more reliable indicator of performance, surged ahead by no less than 30.5 per cent to 690m, while provisions against debt moved up from Fl 248m for first half 1982 to a new total of Fl 324m—an increase of just under a third. Dividend per share held steady a Fl 13.

Amro too has had a happy start to the year. Net profit came to Fl 106m compared with Fl 87m in the first six months of 1982 — a 22 per cent improvement — while the gross position shot up by 51 per cent to Fl 632m. Total income for the first half was Fl 1.7bn. Provisions were once again high (Fl 475m — up 58 per cent) but there is reason to believe that, as with ABN, the build-up of reserves is both prudent and affordable, leading in the long run to a more balanced picture. The interim dividend was set at Fl 1.50, payable either in cash or in cash and shares.

At the NMB there has also been an improvement but in this case it has been held back partly by the cost of a restructuring plan and partly by the bank's above-average dependence on the fortunes of the domestic market.

Provisions jumped by 66 per cent ot Fl 290m, well over half the Fl 500m allocated in the whole of 1982. Even so NMB, in which the Dutch state has a 22 per cent holding, still saw earnings increase by 9 per cent, to Fl 55m, with gross profits 50 per cent up, at Fl 385m. With Dutch industry beginning to show some signs of recovery the bank can expect to further strengthen its position over the next few years.

The NCB has for several years been overshadowed by its larger rivals. Not big enough to compete in the international field but still a fully functioning commercial bank, with universal facilities, it has been running faster and faster in an attempt to stand still. Earlier this year there were rumours that Chase Manhattan of the U.S., owner of 31.5 per cent of NCB equity, was either going to sell out or else increase its holding. Neither possibility has been confirmed.

Meantime net profits have edged up by 10 per cent, from Fl 5.7m in first half 1982 to Fl 6.3m at the end of June this year. The gross result, at Fl 46.8m, was 12½ per cent up but in both cases the base figures are relatively small. Since last autumn the bank has been engaged in shutting down 40 of its smaller branches, with the loss of 400 jobs, while gearing itself up to cope, technologically and organisationally, with a higher involvement incorporate financing. As with the NMB, better things lie ahead.

Of Slavenburg's—Credit Lyonnais Bank Nederland—a great deal has already been written, with more to come when the various fraud cases eventually come to trial. But as a bank, under the new French-imposed regime of M Georges Vigon, it is on the way up again. In the sense that it hit an all-time low this year and was then taken by the scruff of the neck and relaunched, with a new name, new management and fresh capital, it has to be a good investment. The earnings figure for the first six months was nil, with the Fl 14.5m surplus after tax and third party commitments being added to provisions. Gross profit came to a mere Fl 24.6m, against Fl 42.5m 12 months earlier, and the balance sheet total fell from the December 1982 figure of Fl 11.5bn to Fl 10.9bn.

These figures though, follownig an extraordinary, fraud-related loss of Fl 203m, are likely to represent the low water mark. Credit Lyonnais of France, which now owns nearly the entire share capital, is determined to complete its clean-up and get things moving again.

If this look at the Netherlands' commercial banks has seemed to concentrate on the three smaller institutions, this is because they have been busiest in picking themselves up after being, to a greater or lesser extent, jostled by the recession. Amro and ABN have also been hit of course—especially the former, which found 1981 and 1982 a couple of tough years.

But both are very big organisations, with a degree of expertise and resilience that was bound to carry them through. Each is highly active on the bonds and money market fronts and hardly a month passes without some large company announcing that one or other is lead-managing an international syndicated loan in the fields of Dutch exports or overseas expansion.

Then there is Rabo. This Utrecht-based agricultural co-operative bank is so much more than it seems that it is becoming difficult not to regard it simply as a universal commercial bank. What distinguishes it from the others is its structure of ownership (co-operative and federated, strongly tied to the regions and farming) and the fact therefore that it is not a public company.

Rabo is profitable. In the first six months of this year it earned Fl 301m, a 24 per cent improvement on the opening half of 1982. The gross profit was Fl 758m—a rise of 25 per cent—while the risk provisions went up by 33 per cent to Fl 315m. The bank this year opened a representative office in London to add to its branch in New York, office in Frankfurt and subsidiary in Curacao and embarked for the first time as lead-manager on the international bond market. At home it noted a slight pick-up in the demand for credit and the beginnings of stability in the housing market after three dreadful years of falling prices.

Housing demand

The partial recovery in housing prices and demand also accounts to some extent for the improvement in the prospects of Westland-Utrecht, biggest of the independent mortgage banks. Last year Westland-Utrecht was in serious trouble and recorded a loss of Fl 147m. There were even fears that it would collapse entirely, throwing the whole mortgage sector into disarray. But while this year's first-half loss was held to only Fl 14.7m — a 30 per cent improvement on 12 months previously—much of the revenue that made this possible came from a massive sale in February of property valued at Fl 375m.

A much smaller mortgage bank, the Tilburgsche Hypotheekbank, has been less lucky. Even assistance from the Dutch central bank did not help it and last month it filed for bankruptcy. Friesch-Groningsche Hypotheekbank, which last year lost Fl 51m, came back, however, with a net loss of only Fl 1.3m for the first six months even after the addition of Fl 27.5m to provisions. A similar picture is expected to emerge for 1983 as a whole.

Savings banks in the Netherlands have continued to suffer from competition and fragmentation. The biggest, Centrum Bank, formed in 1981 as a result of the biggest amalgamation in the 161 years of the savings bank movement, has however, shown that strength can lead to improved financial results. In 1982 the Centrum Bank—which is contemplating an early change of name — recorded earnings of Fl 41m—up 11 per cent on 1981—and had a balance sheet total of more than Fl 8.7m.

Probe into 'black money' circuit

Commission of Inquiry

THE PAST year in Dutch banking has been one in which the dark side of the business emerged somewhat luridly into view and threatened to overshadow—at least in the public mind—the conduct of normal operations. While banks generally were busying themselves with the proper maintenance of earnings, there were persistent allegations of widespread fraud centering on the processing of "black," or undeclared, funds.

Most spectacularly, the Dutch fiscal police carried out raids in February on the Rotterdam headquarters and two branches of Slavenburg's Bank, the sixth largest in the country. They were looking for evidence of fraud and what they found led eventually to the arrest of eight past and present top officials of the bank.

The raids were, naturally, traumatic for Slavenburg's, which has since changed its name to Credit Lyonnais Bank Nederland as part of a drive by its French owners to restructure and start afresh. But previous reports in the Dutch press concerning the existence of an extensive black money circuit had made all of the banks nervy. Slavenburg's troubles were perceived by many as but the most acute symptom of an all-infecting malaise. Questions have since been asked by ordinary men and women about the probity of their domestic banks which previously would have been directed solely at certain institutions abroad.

Because of the disquiet the Tax Department of the Finance Ministry, together with the Central Bureau of Statistics, was last month ordered to investigate the 1981 bank accounts of 1,000 Dutch households selected at random. As many as 3,000 accounts will be examined (out of a national total of nearly 11m) and the results of the inquiry will be sent to the Minister of Finance, who will then report to Parliament. MPs are expected to debate the subject next spring. Not surprisingly there have been several expressions ot concern about the breach of privacy that will be an obvious consequence of the inquiry, but the central bank and the banks themselves have pledged their co-operation, so that if there is "black money" in the system to any significant degree, some at least is likely to be revealed.

Mr Herman Ruding, the Finance Minister, had first called for an investigation by the Public Prosecutor's Office and there was then talk of an inquiry by the Fiscal Information and Research Bureau. Mr Ruding has, however, chosen to keep the matter out of the hands of the Justice Ministry at this stage—no doubt in order not to be seen to prejudge the issue—and is clearly concerned that no damage should be caused to confidence in the banking system.

Serious view

That confidence in the system should be called into question in the first place is a measure of how seriously the Government views the situation. Ministers are worried that some branches of at least some banks have been engaging in unlawful dealings—the "laundering" and exporting of funds on which no tax has been paid in the Netherlands. Nieuwe Revu, the Dutch Left-wing magazine, alleged last December that two of its journalists, posing as businessmen, had been offered help by banks throughout Holland in the processing of black money. The assistance was on a virtual over-the-counter basis.

Other papers quickly took up the story and the publicity was such that Mr Ruding himself demanded immediate action. Within days new guidelines had been drawn up by the Association of Dutch Bankers setting out the responsibilities of banks in the context of the revenue authorities. It was made plain that the banks had a duty to ensure that their involvement with clients' money was at all times in conformity with the law.

At the same time Mr William Duisenberg, Governor of the Dutch Central Bank, delivered a homily from Amsterdam on the subject of banking ethics. He warned bankers against the dangers of giving in to temptation but conceded that black money, like the poor, would always be with us. More recently, in his foreword to the Bank's annual report for 1982,

CONTINUED ON NEXT PAGE

Halo slips as shareholders react to malpractice inquiries

Central Bank

NO ONE in Dutch banking circles would dispute the sanctity of the Nederlandsche Bank (the central bank) which for generations of money men has been a model of the true faith, combining shrewdness with probity and extolling the virtue of honest profit. Equally, there can be few who would deny that in recent months its halo has slipped a little.

First, in February, there was the Slavenburg's affair — the long-running saga of the uncovery of alleged fraud inside the country's sixth-biggest bank. What happened at Slavenburg's is detailed elsewhere in this survey. For the central bank the problem was that, in public at least, it turned out to be as shocked as anyone else when the fiscal police raided Slavenburg's headquarters and began a series of top-level arrests.

Questions were at once asked about the bank's capacity to monitor illegal goings-on within the commercial systems. The reply of Mr Wim Duisenberg, president since the beginning of last year, that it was not his job, or that of his staff, to intervene in day-to-day banking activities was not wholly convincing.

Mr Duisenberg flayed those bankers who succumbed to the temptations of the black-money circuit but advanced the argument that criminal activity was a matter for the police. There is, of course, a kernel of truth in this. Even so, if the central bank is to maintain its deservedly high reputation as a prudential supervisor, it surely cannot afford to let large-scale malpractice slip through its fingers.

Difficulties

The second, and more recent, cause for the bank's discernible descent from grace concerns the Tilburgsche Hypotheekbank, a small mortgage bank which ran into serious difficulties last year as a result of the disastrous slump in Dutch property prices which began in 1979. Concerned about the possible loss of confidence that might ensue from the collapse of even a small bank, the central bank sent in a team of caretakers to put the Tilburgsche back on a sound footing, using the granting of a moratorium on repayment of debt as a temporary financial shield. Last week the Tilburghsche went bust and the official receivers made formal application for bankruptcy.

Shareholders were outraged not so much by the collapse as by the fact that the bank had gone on trading as usual right up to the end, handing out mortgages and issuing bonds. Investors stand to lose millions and many feel that someone high up should have known better.

Other disgruntled investors are the burgers of the four Dutch towns of Urk, Hillegom, Monster and Nieuwegein, who are to appeal to the High Court of Appeal against a lower court ruling that the central bank was not responsible for the consequences of a second bank collapse. The four town councils had invested a total of Fl 11m in the Amsterdam-American Bank, which was forced to close down in October 1981. The councils got back only Fl 3m of their money and believe that the central bank should have been in a position to warn them in good time of the approach of disaster.

The Association of Dutch Municipalities is backing the four towns and the proceedings could yet prove embarrassing for the central bank. Even if it is confirmed that, technically, it bore no responsibility, people will wonder anew why no alarm bells ever rang in the Nederlansche Bank.

In other areas too Mr Duisenberg and his senior colleagues have not found the going as smooth as they would have wished. Regulation of the guilder is, along with supervision of the commercial sector, the primary function of the central bank. Yet as events proved during the realignment of the European Monetary System (EMS) on March 21, it is the Government that takes the decisions.

The extreme weakness of the French franc, it will be recalled, had persuaded the Mauroy Government in Paris that an immediate shift in EMS parities was urgent. The Dutch were unhappy about the proposed changes, and Mr Herman Ruding, the Finance Minister, clearly went to the ministerial council meeting in Brussels determined to ensure that, whatever else happened, Dutch competitiveness would not be damaged by outside interests.

Devalued

In the event the franc was devalued within the system by 2.5 per cent. But while the Deutschemark moved up by a full 5 per cent, the guilder was revalued by 3.5 per cent only, thus creating a 2 per cent gap between it and its German sister-currency.

For years the guilder and the D-mark have moved in parallel and the link remains a fundamental aspect of central bank policy. Mr Pieter Korteweg, the Dutch Treasurer-General, said two days after the Brussels meeting that the West German authorities were well aware of the unique nature of the Dutch action. It was the D-mark which had moved up too far, he said, and not the guilder, which had lagged behind.

Meanwhile it had become clear that the central bank had fought a rearguard action against the unequal revaluation. Mr Ruding told the Dutch Parliament that the bank's recommendation had been to keep the guilder abreast of the D-mark and that its subsequent position was that there should be no repetition of the events of March 21.

Generously, in the circumstances, Mr Ruding read out to MPs the core of the bank's thesis: "The parallel relationship between the guilder and mark in recent years has brought the level of inflation in this country down to one of the lowest in the world and made a cut in interest rates possible . . . to preserve these positive trends the guilder must keep pace with the mark in subsequent readjustments of currencies within the EMS."

Mr Ruding, who had already indicated that no future widening of the gap was anticipated, pointed out that the bank had been acting mainly on monetary premises. The Government, he said, had also been guided by economic concerns, including the country's competitiveness.

A storm in a teacup? Perhaps. But aside from the dual impact on trade in the Netherlands and West Germany, the incident is an illustration of the primacy of politics over fiscal purity.

In fact that primacy is set out in the Act of Supervision of the Credit System, which charges the central bank with monetary and prudential control while leaving final responsibility for monetary and structural policy to the Government. What is worth noting is that the two institutions normally work in such close harmony that disputes are extremely rare and power play irrelevant.

Certainly there is no hint of ill-feeling between government and bank. Mr Andries Szasz, director of external relations at the latter, told the Financial Times that priority had to be given to a strong currency if low interest rates were to be maintained. Improved productivity would, meanwhile, protect the terms of trade. "This is our principle at the bank and the Government is in sympathy despite the one-off nature of the last EMS changes. We have a common philosophy and are moving along the same lines."

Since March the guilder has been weak within the EMS but both it and the D-mark have recovered a lot of lost ground during the summer and are now in a better state of health. For a time, post-realignment, what determined the money market rates was the reversal of the previous situation. The guilder *appeared* weak and the D-mark even weaker. Intervention was required and at the same time rates drifted up again, spurred, ironically, by the Government, which needed to raise large volumes of cash through highly priced state loans. The top rate in mid-summer was 9½ per cent and market rates, hit by this top of the sector lure, have descended again only gradually.

Surcharge

The banks, which have been issuing their own bonds at the newly established rates of interest, have at the same time been forced to impose a 1 per cent surcharge on overdrafts and have been critical of the central bank for not acting first to push up rates. For its part the bank felt compelled to respond to the needs of the market by spending some Fl 733m last month in the purchase of U.S.$247m.

Other central banks around the world were frantically selling dollars in a bid to halt the American currency's heady rise but the Nederlandsche Bank saw the increase of Dutch market liquidity and the maintenance of low interest rates as its first responsibility and acted accordingly. It recognises that the Dutch economy is climbing out of the world recession more slowly than those of its competitors and wants to do nothing that might further slow the process.

Mr Szasz argues that raising interest rates, while indeed aiding the liquidity of the markets, has undesirable effects on other areas of policy. Normally, he says, it is easier for a relatively small country like the Netherlands to adapt its internal policies to the external requirement than it is for a large country such as France. "A small country realises that the international requirement is vital. A large country can retain the illusion of autonomy."

Perhaps, then, the $247m purchase in August was just an exception that proves the rule.

One last thing. If one measure of a bank's success is the money it makes, then the Nederlandsche Bank scores. In 1982 net earnings came to Fl 1.6bn — a 21 per cent improvement on 1981 and by far the best performance of any bank in the country.

Probe into 'black money' circuit

CONTINUED FROM PREVIOUS PAGE

Mr Duisenberg mused on the dilemma black money posed to the central relationship of trust between a banker and his client. He also made it clear that, ultimately, the problem was not one for him and his staff.

"The crime of evading taxes and social insurance contributions must be combated by the judicial and fiscal authorities. Where it is a matter of tracing an evader of taxes or social insurance contributions, the co-operation of the banks, too, may be asked and must be given. However, one of a bank's essential functions consists in the custody and management of funds *entrusted* to it by its customers. The loss of trust in a bank spells its demise. The basic principle must be respected in the prosecution policy, as indeed it is internationally, on pain of the loss of the banking system's functions."

Mr Duisenberg concluded: "The Netherlands Bank exercises prudential supervision over the banking system. This supervision is directed towards those aspects of a bank's operations which are specified by law. It is these aspects for which the Bank is equipped and on which its control is focused. The Bank supervises banks, not their customers. If the Bank, when exercising its supervision, comes across activities which appear improper, it takes steps to terminate these activities. Not only does this put an end to unlawful acts; it also removes the threat which such acts pose to the interests which the Netherlands Bank has a duty to protect in a more direct manner, viz, the reputation of, and hence confidence in, the banking institution concerned. An active role in combating black money cannot be undertaken by the bank. The Bank cannot and should not be asked to assume duties which the law has (rightly) not imposed upon it."

Commercial banks are equally opposed to the idea of disturbing the trust relationship. It has been suggested by some that the revenue authorities should have greatly increased access to information on bank accounts. But Mr Pierre Lardinois, chairman of the executive board of Rabobank, the giant co-operative, spoke for all of the Dutch banks when he told a parliamentary commission in January that the result of increased access might well be a flight of capital from the Netherlands.

Later in the year Mr Andre Batenburg, chairman of Algemene Bank Nederland (ABN), the country's largest universal bank, went further. He claimed that as a consequence of client uncertainty and the extent of tax demands business clients were already exporting undeclared thousand-guilder notes virtually by the barrow-load. If banks were at times prepared to assist in such transactions, he seemed to imply, customers were quite willing to go it alone if required. Mr Batenberg said that the rate of outflow could lead to a flight of Fl 2.5bn to Fl 3bn this year.

Mr Ruding at once looked into the situation and in April he told MPs that he was unable to confirm Mr Batenburg's forecast because he did not have the necessary information. In a written reply to questions from several members he agreed that there had been a "substantial" increase in the outflow of Dutch money in 1982. But this, he said, could not be construed as a capital flight, since the increase could be due in part to tourism imports and inter-bank money transfers.

The position for 1983 will not be known until next spring. It does seem likely, however, that the increase in the export of large-denomination notes will be up on last year. The Slavenburg's affair has made investors edgy and the likelihood of a general clean-up is bound to have its effect on those who boost their accumulation of wealth by tax evasion.

What is clear is that there is a drive ahead to restore the good name of Dutch banking, with the government, parliament, the central bank and the banks themselves all involved. It should help to clear the air.

Equities lead heady boom

The Bourse

THESE ARE heady days for the Amsterdam Bourse. The boom in equities which began in the latter half of last year has continued virtually unabated ever since, with fresh highs being declared on the ANP-CBS index almost every week. Indeed in March, for the first time in several years, shares outperformed bonds; that pattern has persisted ever since. Bond issues, so sturdy last year, have these days either to offer inflated coupons or—as with recent issues by Philips and KLM—provide an equity link.

State loans, which to a considerable extent determine the pace of the Dutch bond market, have had their ups and downs this year. In January the Govenment raked in Fl 5bn (£1.14bn) on a 7.5 per cent issue in only a week. The next two issues, however, with coupons of 7.75 and 8.00 per cent, raised little more than Fl 4bn between them and it was left to a glittering 9.5 per cent issue in June to redeem the state's image and bring in the required volume of cash—in this case Fl 8.5bn. The Finance Ministry was pleased to have secured enough at last to enable it to stand away from the market for a time but both it and the Central Bank were hoping that 9.5 per cent would mark the year's peak for rates.

Rates for bonds generally flattened out in February and March. Several factors were at work. Long-term investors had placed their money in deposits, which they liquidated and turned over to bonds only over a period of time. Institutional investors were after higher rates, while foreigners, worried at the time about the West German elections, stayed committed to short-term rates.

In February, rates fell below those of Germany. Then Chancellor Helmut Kohl was confirmed in office and the yield differential was somewhat repaired. Funds began to flow again between the two deeply interlocked economies.

The March realignment of the European Monetary System (EMS), carried out at the insistence of France, was the next significant event for Dutch rates. Against consistently stated policy, the guilder moved out of line with the Deutschemark. The Dutch currency was revalued by 3.5 per cent, while the D-mark went up by a full 5 per cent. The net effect in terms of competitiveness was said by the Ministry to be zero but foreigners were surprised and there was a further shying away from the Dutch bond market.

At home industry and investors alike were short of funds, while a number of foreign holder of guilder notes sold their interests and moved elsewhere. Meanwhile, the Government continued to soak up most of what cash remained available. This latter move had, though, the effect of getting things moving again. Mees & Hope, the merchant bank subsidiary of Algemene Bank Nederland, announced a Fl 100m 10-year bond issue at 9.5 per cent, and Fuji, the Japanese camera makers, came along with a Fl 100m convertible issue at 4.75 per cent semi-annually over 10 years. Further bonds, issued by ABN and Amro among others, held the rate at 9 per cent through the summer.

The Fuji issue was of particular interest as it was the first-ever Japanese convertible offered on the guilder market. Its rarity value was considerable and it was quickly snapped up by guilder-based institutional investors. Fuji had floated the issue to help finance a new production plant it is setting up in Tilburg, in southern Holland, but analysts and investors were speculating on the possibility of other Japanese issues before the year is out.

Talking point

The Philips issue, with warrants entitling the holders to purchase 55 Philips shares at 58 guilders each up to July 1988 (the late June price was around Fl 55) was, however, the main talking point in the market in recent months. The issue was priced at par but had risen to 104.5 on its first day. Moreover, while each $1,000 denomination note bears a rate of only 6.75 per cent, interest in acquiring cheap Philips shares were such that there were long queues to purchase.

Earlier in the year a KLM issue, with "A" and "B" warrants attached entitling bearers to the purchase of airline shares, excited great interest. Analysts were agreed, though, that no other such issues would come along in the Netherlands this year. They were wrong. For not alone did investors in the KLM issue reap an early reward through sharply improved company profits and a rising share price; Philips came along within three months with an even better offer. Philips, whose share price has been moving up steadily throughout the year, could possibly bring in Fl 1.2bn with its share-linked issue and should certainly be in a position to carry out its massive development plans with an easy mind.

In 1982 the total cash volume of bond issues came to Fl 11.6bn, of which the state took Fl 7.3bn. This year, to mid-June, the total was Fl 20.8bn, with state loans accounting for Fl 17.5bn. Further issues have followed since, including the Philips and Fuji, but although the total has grown considerably, the surge of interest in equities has still been by far the greater.

What is clear is that equities are supporting bonds. They are the new star attractions. Where the yield on bonds last year was substantially higher than on shares, now the position is reversed, and investors have shown themselves ready to move from one to the other in rapid time. Prices on the Amsterdam exchange moved up this year by an average of 25 per cent, and the price-earnings ratio, which in 1982 had been around 4-5, has gone up to between 7 and 8.

Share investors so far this year have either plumped for the so-called Dutch internationals—Royal Dutch, Philips, Akzo, Unilever and Hoogovens—or, abandoning their previous promiscuity, have sought out low-priced issues with a potential for improvement.

The ANP-CBS general index climbed to a series of all-time highs throughout the summer, reaching 141.4 on July 27, while on the same day, for the first time in the bourse's history, the internationals index passed the 150 mark. The last period of similar rises was back to 1973, so it can be seen that the climb back to prominence has been long and hard.

Baron van Ittersum, chairman of the Amsterdam exchange, believes that there is an excellent chance the recovery in shares will continue for some time to come. His view is that there has been a much-needed catch-up, leading perhaps to a prices plateau, and his hope is that the higher prices trend will extend to the smaller, more locally orientated companies, enabling some of them to move on to the primary market.

The Baron recognises that the trading in Dutch shares by U.S. and UK investors has been a stimulating influence on prices. He is pleased, in this context, that the Dutch, through their new American Shares Amsterdam System (ASAS), have been able to create an American market in Europe. Within ASAS, there is no physical handling of documents; all transfers are done by book entry only. Volume of business follows turnover on the New York exchange, and, as with trading on the bourse in general, there has been a direct correlation between bursts of activity in Wall Street and trading in ASAS shares.

U.S. listings

At the same time Dutch shares have been traded heavily on the New York market. Fokker now relies on the U.S. for much of its share investment, while Philips is now 20 per cent American-owned through its U.S. listings. KLM's recent new share issue was 70 per cent destined for Wall Street. Internationalisation, therefore, is not a one-way street.

The Baron is also pleased with the development this year of the 12-month-old Dutch parallel market, which followed the London Unlisted Securities Market and has done similar good work with smaller companies trying out their exposure to the market place.

This emphasis on equality of information reflects the fact that close to 50 per cent of risk capital in the Netherlands is provided by private investors. The bourse management appreciates how much the course of investment can depend on individuals, but is pleased, too, that institutional investors are to receive relief under proposals from the Government for the ending of double taxation on dividends.

Overseas investors are not yet scheduled to receive any help from the Dutch revenue authorities, despite the fact that, largely stimulated by foreign demand, the overall liquidity of the Amsterdam market has increased dramatically in recent months. Total turnover in 1982 increased by some 60 per cent and a similar rise in activity characterised the first five months of this year. The turnover in shares, for example, has almost tripled in recent months. The Amsterdam market is booming and the barometer is set fair for some time to come. Little wonder the bulls are pawing the ground.

Fledgling flies high in upstream

Options exchange

WITH THE Dutch equities market booming, Amsterdam's traded options market, the European Options Exchange, is finding itself caught up in the explosion. Records are being set every month as—to change the image—the former fledgling of the Bourse, flies free on an updraft of investor euphoria.

Euphoria, as has long been demonstrated by psychiatry, is not a stable state. In extreme cases it can be drug-induced. In the case of the options exchange it seems to have been brought about by a need not so much to force a way out of the economic recession as to act as though there were no recession in the first place. People need to make money even in a slump. Some people need to make fortunes. Thus the options market—closest approach to pure gambling within legitimate speculation—is trading high on self-administered adrenalin. It is investor pitting wits against the market, with the former becoming the latter without the intervention of actual industrial recovery.

Of course it could happen, as in similar circumstances in the past, that the wish will become the act—with the phenomonen of the self-fulfilling prophecy actually serving to produce reality. Manufacturing industry needs money to rebuild, expand and undertake vital research. That money is being provided by the markets, gone into nervous overdrive in response to the last two moribund years.

Five years ago, when it first began functioning in a converted corn exchange in the centre of Amsterdam, daily turnover was only 700-800 contracts. By mid-June of this year a daily average of 24,880 options—a record—was being traded, with calls accounting for just over two-thirds of business and puts the rest.

In April, just after the one millionth contract for 1983 had been concluded—a feat which last year took until October to perform—Mr Tjerk Westerterp, director of the exchange, described growth as "explosive" He was right. Since then the two-millionth contract has been concluded and the exchange appears ready to break records at a record rate.

Because overall volume is still quite small—despite the recent surge—the emergence of a single new focus can dramatically alter the profile of a week. Thus the Dutch State Loan in June, at 9.5 per cent, produced nearly 25,000 transactions, nearly a fifth of the total for the week in question. Philips options, too, have been very much in demand this year, while other Dutch "internationals" together account for a great deal of business done.

The balance between bond options and stock options varies considerably from week to week. Last year, as on the main bourse, bonds were in the ascendant and carried all before them. This year, equities are back. Philips, Royal Dutch and then, some way behind, Akzo and KLM are the big movers.

Against the wishes of the organisers and founders, the Amsterdam options market has not lived up to its name as a European institution. Foreign investors trade on the exchange and some foreign options, notably West German, are traded. But most business transacted is firmly Dutch in character, albeit with an international flavour.

Learning ropes

Among the more recent innovations gold and silver options and foreign exchange options have made a slow start. Investors come and go and the markets sometimes perk up. But for many with money to place it is still a matter of learning theropes. Gold was first traded in 1981 and suffered initially from the slump in world bullion prices. Some 2,000-3,000 contracts per week are now being concluded. With silver, first traded in April of this year, weekly turnover has built up to between 1,000 and 1,500. Currency trading has been sluggish. Dollar and D-mark options have often been stuck in the low hundreds.

This month the exchange is launching its newest option, perhaps the most self-referential yet. Index options will in future be traded so that investors can minimise the risks of holding a Dutch share portfolio. These will be based on the price fluctuations of the 13 Dutch companies quoted on the exchange and will have lives of three, six and nine months, expiring in April, July and October. According to the exchange, index options could also be used to "gamble" on the Amsterdam stock market by means of calls and puts relating to expected price movements.

It is a success story the more remarkable for having produced a happy ending from very inauspicious beginnings. The options exchange has done a Lazarus. For the first three years of its life, as a speculative offshoot of the Bourse (not all of whose members had much faith in the project), the exchange lost money and existed very much at the grace and favour of its parent. Indeed, there were times when the former corn exchange was a place of tranquillity—a sort of chapel annex to the Bourse—in which a busy speculator could rest awhile and toy with his options as though with his beads.

In 1981 the European Options Exchange turned a profit—only Fl 26,000, it is true, all of which had to be paid to the bourse, but a profit nonetheless. Last year earnings had risen to Fl 690,000, and for 1983 a million guilders at least seems well on the cards. Mr Westerterp commented recently that the exchange was not in business to make a profit on its own account. Even so, income certainly helped its position and prestige. Half of the 1982 earnings only were handed over to the Bourse. The rest was placed in a reserve. A similar transfer could take place with 1983 earnings, and the result could well be an institution secure in its place and with just the mildest thickening around the waist to see it through any hungry times to come.

Mood of cautious optimism

Insurance

THE BUFFETING received by the Dutch insurance industry as the recession took hold last year has eased off considerably in 1983. Most of the five large quoted concerns suffered a fall in profits in 1982 and one of them, Amfas, slipped into such heavy losses that it had to drop its final dividend.

Since then non-life insurance has in a number of instances turned around, while the buoyant life sector has continued to move steadily ahead. Earnings everywhere are up and there is cautious optimism about the position as a whole.

The increase in life premium volume follows a trend established in the last few years. Possibly because of pressures on the Dutch social security system, there has been a surge in sales of private pension and annuity schemes. Individuals appear to be responding to threats of state cut-backs by taking out extra provision on their own account, a move that is effectively encouraged by the the state through financial concessions allowing premiums of up to Fl 15,000 (£3,400) a year to be set against personal tax liability.

The effect of this rise in demand varied from company to company, depending on the relative size of the life sector in their overall business. As a rough rule of thumb, industry revenue — premiums plus investment income — is split approximately half and half between life and non-life business. But Nationale-Nederlanden, for example, with a disproportionately large life sector, was able to raise pre-tax profits by 3.1 per cent last year in spite of a 54 per cent drop in non-life profits. Its premium income from life business rose by 21 per cent to Fl 4.1bn (£930m), taking profits up by 15 per cent to Fl 323m (£73m) in this sector.

By contrast, the steep climb in life profits at Amfas in 1982 was completely wiped out by losses in the rest of the group, in particular from its marine underwriting. This operation, established in London only six years ago, went the way of the rest of this depressed sector last year, while its property portfolio has had to be shored up by a Fl 75m (£17m) provision against past and prospective losses.

Several of the other insurance groups have also been suffering from their exposure in the property and mortgage fields. From being a lucrative—and safe—investment in Holland's growth environment of the 1970s, property has fallen into a much more hazardous phase. House prices have slumped, along with speculative building, and with inflation declining to under 3 per cent, some owners have found themselves overcommitted. With inflationary gearing taken out of the system, lenders have had to reschedule some loans, while the houses they have financed have declined in value by up to 30 per cent in some cases.

Investment

Despite these problems in some sections of their investment portfolios, however, the Dutch companies have generally managed to generate satisfactory returns on their assets. The main focus of their investment lies in the capital markets; only about 5 per cent of their funds goes into the equity market, with the rest spread around in state bonds, mortgages and loans to commercial enterprises.

Rates on long-dated fixed interest stocks are still around 9 to 10 per cent in Holland, but with the roll-over of substantial bonus payments for reinvestment, along with the extra premium volume, investment returns rose by more than 30 per cent for the industry last year.

This performance has clearly provided an additional profits cushion beyond that deriving from life business. But Dutch companies also benefit in their non-life activities from more modest pay-out claims than are common in most other Western countries. The claims ratio—net claims less re-insurance as a percentage of net earned premiums—stood last year at an average of around 73 per cent for the big companies, with Amfas heading the list at around 76 per cent and Amev, which increased its net profits by 9 per cent last year to Fl 174m (£40m), down at 62 per cent.

This figure is about 12 per cent lower than, for example, the industry was achieving in the U.S. last year. Indeed, unlike most British and U.S. insurance groups during the recession, the Dutch companies are all on the verge of profitability on their underwriting alone—they have not had to rely solely on investment income to keep their heads above the profits waterline as have so many foreign companies.

To achieve this result the Dutch industry has also had to control its administration and commission costs, which are running at an average of around 25 per cent of net premiums. Again, this is a relatively conservative figure by international standards and it means that the combined claims and costs ratio for most Dutch companies is very close to the 100 per cent needed to break even on underwriting. Nationale-Nederlanden, for instance, was comfortably below the break point last year; Amfas is above—but this compares with combined ratios of up to 115 per cent in the U.S., where both costs and claims tend to be higher.

The picture for the first half of this year is rosier. Nationale-Nederlanden earnings moved up by 7.7 per cent to Fl 197m; Amev advanced by 8.7 per cent, to Fl 91m; Ennia by 7 per cent, to Fl 56m; AGO by no less than 40 per cent, to Fl 55m, and Amfas achieved a net result of Fl 3m to set against its losses of 1982. Not surprisingly, Amfas did not declare an interim dividend.

One of the main threats to the Dutch industry at present is coming from the steady increase in the claims ratio, a common phenomenon in recession-hit economies as individuals and companies alike take a less relaxed attitude to insured losses.

Expansion

The Dutch have themselves responded to competition by expanding overseas — indeed the local market is so mature that it leaves little room for expansion. Thus over the last five years there has been a significant move into the U.S. and Australia by several of the bigger companies.

The current buoyancy of investment returns also suggests that there is little prospect of a serious reduction in competitive forces in the foreseeable future. Established companies will remain under pressure from newcomers attracted by the strong cash flow from premium income and the opportunities for earning a return on it.

Nevertheless, the big Dutch groups are currently stepping up their efforts to push through premium increases in sensitive sectors like motor insurance and their shares have responded on the Amsterdam Stock Exchange by picking up steadily in recent weeks. With dividends typically covered two or three times by earnings last year, there are reasonable prospects for growth.

Terry Dodsworth

Welcome news for industry

Taxation

THE PROPOSAL by Mr Herman Ruding, the Dutch Finance Minister, to cut the rate of corporation tax in the Netherlands from the present rate of 48 per cent to 44 per cent next year and 40 per cent in 1985 is possibly the most encouraging single piece of domestic news the country's industry has had since the recession took hold nearly three years ago.

Manufacturing industry in particular needs a boost. Gross investment in fixed assets fell by 3 per cent in volume terms in the first quarter of this year compared with the corresponding period in 1982. This followed a further 3 per cent decrease in 1982 as a whole, which took investment down to its lowest level since 1968.

A survey of all manufacturing companies employing 10 or more workers, published in late July, did indicate a 9 per cent improvement this year but nearly all of this projected recovery is accounted for by the oil, chemicals and food processing sectors. Investment in engineering appears set for a 7 per cent decline, with spending in new construction stagnant. In 1982 both these latter sectors dropped back 9 per cent.

The planned cuts in company tax—confirmed this month by Mr Ruding in the run-up to next week's 1984 budget announcement—would release billions of guilders of potential investment funds and so enable manufacturers to gear up for the promised world economic recovery by means other than simply cutting back and restructuring. They could also mean the difference between life and death for many companies, for while bankruptcies this year have fallen back from the record figures prevailing in the spring and early summer they are still dangerously high and adding daily to unemployment.

A parallel move aimed at releasing hard-earned cash to industry is the increase from 2.25 per cent to 4 per cent of the capital/assets inventory deducted from pre-tax profits. This is designed to help those companies with earnings above the Fl 50,000 level and may be increased again in 1985 to either 5 or 6 per cent.

Turning from the retention of cash already generated to the injection of fresh capital, the Government spoke earlier this year of eliminating the present system of the double taxation of dividends. To have share dividends taxed both prepayment by a levy on the company and again when they show up on the income tax return of a shareholder may swell Government coffers but save during a bull market, as at present, the practice is bound to be something of a disincentive to investment. No immediate plans exist for calling a halt to this second bite at the cherry but it has been suggested that measures could be introduced in time for 1985.

If the West German model for a single tax were to be followed, as has been suggested, the average yield on dividends could rise by two thirds, to 11.4 per cent. James Capel, the stockbrokers, wrote in a survey of the international equities market recently: "We can think of no other move that would create more interest in the market and we remain strong buyers [of Dutch shares] in the firm belief of a continuation of the long overdue re-rating process."

The mooted legislation, if it comes, will affect only domestic shareholders. Some help for overseas holders of Dutch equities is being considered but the pace here is slow and thus far there is nothing of substance to report.

Changes

It is the recession and the crying need for sharp falls in government spending that has created the climate in which the above changes have been conceived. In the 1960s, and indeed right up to the beginning of the present decade, state expenditure in the Netherlands was constantly expanding. Gas sales and a robust economy generally did little to encourage prudence and too much gas revenue was squandered in the creation of a welfare stat that is no longer sustainable. Little thought was given to the future needs of industry.

As the Organisation for Economic Co-operation and Development (OECD) observed in its report this year on the Netherlands, the integration of fiscal and incomes policies has always been a feature of Dutch policy.

"This," says the OECD, "has been the consequence of an elaborate search for consensus between the social partners and Government, focused on the development of individual real after-tax incomes and their distribution among various segments of the population. In recent years pursuit of purchasing power and labour cost targets and the fiscal commitments necessary to consensus have constrained tax policies. It has been difficult to use taxation to reduce the government borrowing requirement as this would have conflicted with incomes policies. Nor has taxation been seriously considered as a means of stimulating the economy, given the worsening budget position."

No longer. Ever since the Christian Democrats and Liberals formed their Centre-Right coalition last November, the intention has been to concentrate on the creation of wealth and the use of money to rebuild industrial muscle. The tax weapon, in effect, has been appropriated by the other side.

Strategy

Mr Ruding's range of tax proposals was unveiled last month and agreed within the coalition Cabinet two weeks ago. His strategy is based on raising the revenue from taxation itself while cutting the level of social security premiums to both employers and employees. The total burden would be eased. The Minister has put forward a series of tax rises that would on a cost basis, yield Fl 3.8bn more to the Exchequer in 1984 than will have been achieved this year and, on a one-year basis, Fl 4.5bn.

The standard 18 per cent rate of VAT will remain as it is but the low and high rates will each rise 1 per cent. Alcohol and tobacco duties will go up, as will the state's take from increased gas prices. A "temporary" measure, introduced this year, adding 1 per cent to the tax bills of higher income groups is to be extended. The controversial proposal to tax as individuals both partners in a marriage who are working will go through, yielding between Fl 300m and Fl 500m in a year.

The last measure has caused much resentment up and down the country and is seen by many as an erosion of state support for marriage as an institution. It will at the same time add some 550 staff to the payroll of the tax authorities at a time when there is a drive to reduce the numbers of civil servants.

Defending his planned measures in advance of their formal introduction in Parliament, Mr Lubbers said this month that Fl 2.3bn of his intended increases were made possible by the fact that social security payments by employers and employees are to be reduced. Governments, it would seem, like nature, abhor a vacuum.

So far Mr Ruding's strategy falls far short of the revolution the Government once had in mind. That, though, is the invariable experience of office. What is clear is that old emphases have been discarded and new ones taken on board. Taxation is no longer seen—as it can be in a prosperous society with high economic expectations—as essentially a tool of social reconstruction. Today tax has reverted to the role of financial instrument and catalyst of expansion. The shift should prove significant.

NETHERLANDS BANKING VI

Profits up with bright future ahead

Investment funds

THOSE WHO like their investments straight will not have suffered this year in the Netherlands from any dilution of their profits. A spiralling upwards trend in equities, *coupled with a continuing* freedom from capital gains tax, has meant that the private speculator has recorded very large gains over the last 12 months.

But the Dutch investment funds have not been left behind. Traditionally skilled in the arts of capital appreciation, they have performed extremely well in the period under review and show no sign of flagging. Those funds, meanwhile, such as Wereldhave, which invest in property, have also brought home the bacon.

Everywhere in fact profits are up and the situation, arising directly out of the worst economic recession experienced in the Netherlands since the 1930s, is one of bright hopes and deep, almost smug, self-congratulation.

At *the heart of Dutch* investment funds is of course the Robeco group, incorporating, as well as Robeco itself, Rolinco, Rorento and Rodamco. In the first *six months of this* year Robeco's share price rose by 20 per cent in sterling terms. Taking into account a cash dividend of Fl 13 per share paid in April, the increase worked out at 26 per cent. Moreover, the Rotterdam-based trust sees the share price rises of recent months as a sign of confidence in economic recovery and improving business results.

"It is becoming clearer all the time that the low point of the recession *is* past and that we have arrived at the threshold of a general recovery in the economy," it said. This comment, *made last* month a time when the Dutch domestic economy is showing only the most hesitant and tentative signs of picking up, is a reflection of Robeco's truly international scope. The U.S. continues to be the group's main focal area, with Japan and, to an increasing extent, the Far East in general, the other key sectors of concentration.

Within Holland, Robeco actually reduced its holdings *slightly in Philips, Royal Dutch* and Unilever—though, reportedly, at "attractive" prices. No interests were bought or added to on nearly all European exchanges. *Instead, a few* new names appeared in the Japanese, Hong Kong and Singapore portfolios.

Mild policy

In America, with Wall Street powering ahead, Robeco this year decided on a mild policy of profit-taking. Holdings in a number of sectors showing sharp increases — steel, chemicals, technology, public utilities, consumer durables—were reduced and there was a cut too in the number of shares retained in oil companies. Dollar interests, which were hedged *for* 50 per cent, were by *mid-August* covered entirely against currency risks.

Between January and the end of June Robeco issued 325,693 new shares. Net assets, which had closed 1982 at just over Fl 5bn rose by 23 per cent to Fl 6.2bn. In terms of spread of net assets, 44.2 per cent was in the U.S., 32.3 per cent in Europe, 15.8 per cent in Asia and 2.9 per cent in Australasia.

Growth within the associated funds was also considerable. *Rodamco, which specialises* in property, issued 2m shares between August 1982 and last month—an increase by 40 per cent—*while assets moved ahead* to around Fl 1bn. Rorento, the bonds fund, increased its net assets by 10 per cent in the three months to May to Fl 4.7bn, with much of the rise being attributable to the floating of an additional 1.8m shares. Rolinco, which deals in equity growth, saw the price of its own shares go up from £44 to £60.75 on the London Stock Exchange during the six months to the end of February *and the* rise has continued since.

Rolinco noted as a positive factor in its growth the decline in interest rates and the cutting back of expenditure *in many* countries. The U.S. and Japan were responsible for a good part of the improvement but there was also a strong contri*bution* by the *Dutch* equities market.

The Robeco group is something of a national institution in the Netherlands. As the strongest investment fund outside the U.S., it has at the same time attracted a dazzling cast of personalities to act as advisors. In this, its 50th year, it has acting for it Mr Robert McNamara, the former American Defence Secretary and ex-chairman of the World Bank—Mme Simone Veil, until last year president of the European Parliament—Dr Saburo Okita, a recent Japanese Foreign Minister—Dr Guido Carli, ex-*Governor of the Bank* of Italy, and Dr Jelle Zijlstra, a long-serving former head of the Nederlandsche Bank.

Other Dutch funds are also doing well. Last year in fact the most impressive investment result was achieved by one of the smaller institutions. Esmerelda, which recorded a growth of 20 per cent over 1981 and a 150 per cent improvement in the five years since 1977. Second came Rolinco, with 9.8 per cent and 115 per cent, then Robeco (16.5 and 89), Obam (18.4, 83), Amro Pierson (19.7, 82), Belf Fonds (20.8, 75), Bemco (9.1, 65), ABN Pool (16.6, 64), Algemene Fondsen Beåt (19.2, 52) and ABN Aandelenfonds (14.2, 50).

Esmeralda's impressive growth has continued since January. At the beginning of the year fund assets stood at Fl 40.9m. By the end of June the figure had risen to Fl 65.3m—leading to a first-half investment result up 15 per cent. The fund's managers emphasised to investors that its primary purpose was the maintenance of the purchasing power of assets and said that their own approach to investment problems remained essentially conservative.

A recent report from Bemco expresses concern about the international debt crisis and sees problems ahead in the key inflation and interest rate fields. Naturally the drop in interest rates and the (general) decline in inflation over the past 12 months have had their effects on the pattern and results of investment, and future growth will continue to depend on how the U.S. Federal Reserve and other central banks can maintain stability and discipline the markets. Bemco expects Wall Street to continue to surge ahead during the remainder of this year but is less certain of the development of rates.

Property funds in the Netherlands have been much in the news in recent months. Wereldhave, perhaps the best-known of the independent funds, with assets in the U.S. and Europe of more than Fl 1bn, is currently the target of a long-drawn-out takeover bid by a pair of Dutch pension funds, PGGM and PVM. How *the bid will end is impossible* to say at the time of writing.

Anxious

The two pension funds, which *already have* substantial property portfolios of their own, are extremely anxious to secure the management expertise and experience of the Wereldhave team as *they* seek to expand their international real estate holdings. Wereldhave, for its part, believes it is being sold cheap and has resisted every move by the bidders. By the end of August, each side had opened legal proceedings against the other on the issues of who had the right to sell or place which shares privately and the propaganda was relentless.

The offer by PGGM and PVM is Fl 155 per share, and Wereldhave's price on the Amsterdam bourse appeared stuck around that value as September began. Investors *clearly* were not sure which way to jump.

Meanwhile, the biggest Dutch pension fund of all, the Algemene Burgerlijks Pensioenfond, *with total* assets worth a staggering Fl 100bn, ran into trouble in the late summer as it emerged that its property division was under investigation by the Government. There have been allegations of bribery, blackmail and extortionate levels of profit — all denied — and the head of the board of investors has been forced to step down while a police investigation is carried out.

For the Dutch property circuit as a whole, the affair is deeply troubling, with suggestions that property sales at the top level must always be high-pressure, legally somewhat dubious, affairs. There have been many expressions of concern in Parliament and outside and the various investigations into what has taken *place* at ABP may yet have long-term consequences for the sector as a whole.

But once again profits are up. Wereldhave's first-half result was 20 per cent up and the forecast for 1983 as a whole is excellent. Those witnessing a distinct fattening of their assets in these straitened times are unlikely to complain.

PROFILE: Roelof Nelissen

At the centre of events

ROELOF NELISSEN, chairman of Amsterdam-Rotterdam Bank (Amro) since last June, does not suffer from false modesty. He has always relished being at the centre of events.

In 1956, after taking his degree at the University of Nijmegen, he joined the staff of a pension fund in Amsterdam. Almost at the same time he became actively engaged in the affairs of the Catholic Employers Federation and by 1963 — already prominent as an organisation man—he was offered a seat in Parliament by the Catholic wing of the still nascent Christian Democrat Party. Soon he was on the executive.

Seven years of "outspoken comment" followed until in 1970, at the age of 39, he was appointed Minister for Economic Affairs in the centre-right Cabinet of Prime Minister Piet de Jong. A year later he was promoted to the job of Finance Minister and Deputy Premier in the unsteady administration of Mr Barend Biesheuvel. When this was toppled, giving way to a Labour-led coalition in 1973, Mr Nelissen's own fall was broken by an offer to join the board of Amro. He has no regrets.

Along the road he has picked up no fewer than eight *directorships*, including Ahold and Schiphol Airport, and served on seven advisory bodies. He is a Commander of the Order of Oranje-Nassau and holder of the Grand Cross of the Royal Order of Belgium.

Mr Nelissen's father had been a *prominent local* politician in the south Flanders area and membership of the Catholic wing of the Christian Democrats came naturally to him. "There was no other choice." When he was asked by the party to take up a "qualiteitszetel" (safe seat) by occupying 12th position on the national list, he accepted "on the condition that not too much lobbying was involved." This was agreed.

Crises

In 1963, he says, membership of Parliament was not a full-time job and the then salary of Fl 5,000 a year was only "pocket money." He had been appointed secretary-general of the Catholic *Employers Federation* 12 months before and carried on in this work, promoting mainly the interests of small businesses, *from* an office close-by Parliament buildings in The Hague.

There was also time for contributions to the Social and Economic Council (SER), one of the Netherland's most influential advisory commissions, and to the Dutch Labour Foundation.

By 1967, however, the Dutch Government was embroiled in one of its interminable crises. Cabinets rose and fell with alacrity in the 1960s and Mr Nelissen was one of those who sought to unify the Centre-Right and restore some stability to politics. Suddenly it *was* a full-time occupation and in 1969 he quit the federation and enjoyed what he now describes as his "happiest year." Politics was hectic but there was still time to buy a piece of land and build a new home for his wife, three sons and daughter.

His appointment as Economics Minister in 1970 came, he recalls, as quite a surprise. "The longer I was an MP the more I enjoyed it." Dutch Ministers have to leave Parliament. Their places are taken by previously unsuccessful party members from further down the national list and the newly-elevated department heads merely report to Parliament but cannot vote there.

As Economics Minister Mr Nelissen had to fight against inflation, which at a time of extremely rapid economic growth had reached the dizzy rate of 7½ per cent. Shipbuilding was also in serious trouble and the Minister's response here was to help *bring* together the Rijn-Schelde and Verolme yards to form RSV. Four years later, under his successor (now Prime Minister) Mr Ruud Lubbers, RSV was further expanded and soft-cushioned with state aid. This year it went bankrupt.

Factions

If the booming Dutch economy was able to withstand a bit of trouble on the wages front, the country was not to be spared the full horrors of too broad-based a coalition. There were five parties in the Biesheuvel government and what Mr Nelissen remembers most is the endless meetings between factions and the late nights in *Cabinet*. "I enjoyed the influence I had as Finance Minister. But the situation was difficult, with too many different interests competing for attention. At least I left my successor a small budget surplus."

When the Cabinet collapsed Mr *Nelissen was asked to* become leader of the Christian Democrats. He was also invited to join Amro. "It was clear that I could choose *between different* occupations. My wife thought it would be a good idea if I joined the bank. I had wanted, after university, to be a national figure. This had happened. *What* attracted me about Amro was the national and international problems it *tackled. A position on the* Amro board looked like a position of influence. It meant that I would *have* to keep an eye on what was *going on in the nation and the* world."

Shortly after he joined the board the first world oil crisis struck. Initially, however, *at least* as far as the banks were concerned, it created as many opportunities as problems, centring on the recycling of petro-dollars. Amro prospered. It was the long-term effects of the second oil crisis which really pushed the world economy over the edge and with it bank profits.

Today, as Amro slowly begins to pick itself up and improve its performance, Mr Nelissen as chairman is *presiding* over a *period* of renewed overseas expansion for Amro. He welcomes this and is confident that banking as a whole can overcome the international debt crisis.

Earnings at Amro itself have recovered this year after a bad 1981 and a worse 1982. *At the half-way* stage they were 22 per cent up on the corresponding period 12 months previously. But the bank's new chairman believes that gross profits are as important as earnings.

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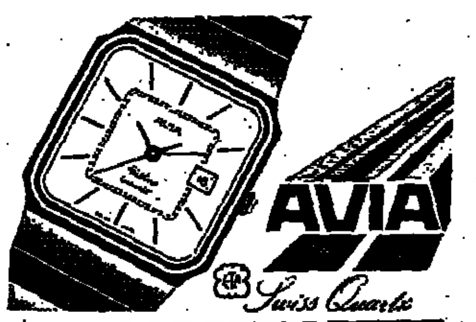

Stockholm market's first outsider

By Kevin Done in Stockholm

NORSK HYDRO, Norway's largest industrial corporation, is to become the first foreign company to be launched on the Stockholm stock market with the sale of shares worth SKr 58m ($7.36m) to Swedish investors.

Swedish regulations make it difficult for shares in foreign companies to be sold in Sweden, but the growth of the Stockholm stock market and the growing internationalization of Swedish business are increasing the attractions for Nordic companies of having their shares traded in Sweden.

In other Nordic companies whose shares are already traded in Stockholm are Norsk Data, of Norway, and Kone, Wartsila and Nokia, from Finland.

Norsk Hydro, which last year had sales of NKr 20.6bn ($2.76bn) and profits before year-end adjustments of NKr 1.35bn is already quoted on stock markets in the UK, Switzerland, France and West Germany, as well as in Oslo. It is 51 per cent-owned by the Norwegian state.

The company is selling 100,000 ordinary shares in Stockholm at SKr 580 per share through Scandinaviska Enskilda Banken. It is not making a new share issue as such but is selling existing shares that have been bought on its behalf during recent months by the Norwegian bank, Den Norske Creditbank.

The shares have been bought up in international markets chiefly from Swiss and West German investors.

The shares are expected to trade at a considerable premium in Sweden and they will be among the few foreign shares exempt from Swedish currency regulations for Swedish investors.

Bank opposes Braniff scheme

By Our Financial Staff

BANK of New York, parent of the 18th largest bank in the U.S., has appealed against a U.S. bankruptcy court's approval of a reorganisation plan by Braniff International, the U.S. airline which filed for Chapter 11 protection in May 1982.

The filing, on behalf of a group of Braniff International creditors, delays completion of the plan, which would have taken place yesterday. The bank has 10 days in which to detail its reasons for appealing.

The bank has opposed the plan mainly on the grounds that possible voting irregularities may have changed the outcome of the vote by debenture holders. Braniff lawyers said they did not expect the appeal to disrupt the airline's plans to resume operations early next year.

Saga awaits consent to sell chemicals unit to state group

BY FAYE GJESTER IN OSLO

SAGA PETROLEUM, Norway's independent oil company, yesterday announced that it was selling its loss-making petrochemicals offshoot, Saga Petrokjemi (SPK), to Statoil, the state-owned petroleum group, for NKr 621m ($83.3m). Subject to government approval, Statoil will take over SPK from January 1 1984, and the purchase price will be paid a year later.

SPK, which partners Statoil and Norsk Hydro in owning and operating the Rafnes Petrochemicals complex in Eastern Norway, was originally owned jointly by Saga (56 per cent) and three Norwegian industrial companies, Hafslund, Dyno and Aardal og Sunndal Verk (ASV). They gave their stakes to Saga for nothing in January, 1982, rather than invest more money in the enterprise.

From next year, therefore, the Rafnes complex will be owned only by Statoil and Norsk Hydro.

The agreement with Statoil, which has been under negotiation for months, marks another step towards the solution of Saga's cash problems and should make it easier for the company to raise the large loan it has been seeking on the international capital market.

Saga needs to borrow money now to refinance old debts and to cover its share of costs in big Norwegian offshore projects such as Gullfaks, Oseberg, Troll and the Statpipe gas-gathering scheme.

It has stakes in many valuable concessions on Norway's shelf, but virtually its only source of income at present is its 1.6 per cent share of production from the Anglo-Norwegian Statfjord field.

The sale of SPK, ridding Saga of a loss-making operation, will enable it to concentrate its financial and administrative resources on its activity offshore. The price Statoil has agreed to pay corresponds roughly both to SPK's accumulated debt and to Saga's book valuation of its stake in Rafnes.

Rival bid sparks rise in Northwest shares

BY WILLIAM HALL IN NEW YORK

SHARES of Northwest Energy, the Salt Lake City-based natural gas pipeline group, jumped sharply yesterday after the announcement of a rival bid worth $820m from the Tulsa-based Williams Companies.

The bid, worth $39 a share, comes just over a month after Northwest Energy agreed to a $31 a share cash offer from an investor group headed by Allen and Company, the New York investment banking group. The earlier bid, which was being structured as a leveraged buy-out in which members of Northwest Energy's senior management would participate, was conditional on financing being arranged.

Allen and Co has been granted an option to purchase from Northwest 3.34m shares of common stock, equivalent to about 18 per cent of the equity, at $31 a share. In addition it has an option to purchase all the common stock of Northwest Central Pipeline Company, the group's main pipeline operation, at its book value of $382m.

That condition was designed to ward off rival suitors for Northwest, which has been the subject of considerable takeover speculation.

The stipulation has been attacked by several shareholders and several lawsuits have been filed against the company to block the leveraged buyout by Allen and Company. The Williams offer depends on the condition's being terminated or declared invalid and Northwest's being restrained from selling the pipeline's shares.

Wessanen in strong half

BY OUR AMSTERDAM CORRESPONDENT

REORGANISATION at home and the consolidation of its interests in the U.S. have helped Wessanen, the Dutch-based foodstuffs group, raise its earnings for the first six months of this year by 21 per cent, to Fl 13.9m ($4.7m).

Last year, sales, profits and dividend all achieved record levels, and following publication of its latest, improved results, the company is confident of continued growth.

First-half sales were 15 per cent up on the same period last year, to a total of Fl 1.78bn. The gross operating result came to Fl 57m – up 14 per cent – with much of the subsequent outgoings taken up by restructuring costs (Fl 24m) and tax (Fl 9m).

Wessanen expects earnings for 1983 as a whole to be higher than the Fl 28m recorded last year.

Decision on French steel deal due today

By Paul Betts in Paris

THE BOARD of Creusot-Loire, the large French engineering company controlled by the private Empain-Schneider group, meets today to finalise a major restructuring of its operations and assets.

This is expected to involve the sale of most of the engineering company's French steel assets to one or both of the two nationalised French steel groups, Usinor and Sacilor.

Another aspect of the restructuring involves the possible sale by the engineering concern of part of its 70 per cent stake in Framatome, the leading French nuclear reactor manufacturer.

Creusot-Loire has been seeking help from the French Government since early summer to bail it out of its current financial difficulties. The engineering company lost FFr 670m ($83.15m) last year and has been seeking some FFr 2bn in fresh funds to reconstitute its depleted capital.

M Laurent Fabius, the French Industry Minister, has said he will decide on the Creusot-Loire case by Thursday. However, Creusot-Loire, which wants to shed all its lossmaking steel operations, has already begun its restructuring programme with the decision of its U.S. Phoenix Steel subsidiary to file under chapter 11 of the U.S. bankruptcy regulations.

This enables a company to seek protection from creditors while it tries to work out a recovery plan.

Creusot-Loire's steel assets in France include the Imphy company, which lost more than FFr 200m last year. This company is expected to be sold to either Usinor or Salinor or both. The engineering company, however, is likely to retain its steel operations, largely serving the nuclear industry.

Creusot-Loire has also been negotiating with Compagnie Générale d'Electricité (CGE), the nationalised electronics and communications company currently engaged in separate, complex talks with Thomson-Brandt, the other large, French-nationalised electronics group, on the possible sale to CGE of part of the engineering company's 70 per cent stake in Framatome.

Creusot-Loire is considering selling 35 per cent of its Framatome stake to Alsthom-Atlantique, the nuclear engineering subsidiary of CGE. Such a sale is believed to be worrying the French nuclear agency (CEA), which owns 30 per cent of Framatome, and Electricité de France (EDF) the French electric utility.

THE FORTUNES OF A PORTABLE COMPUTER GROUP SUDDENLY TURN SOUR

Osborne searches for survival

BY LOUISE KEHOE IN SAN FRANCISCO

INTERNATIONAL TELEPHONE & Telegraph (ITT), the telecommunications, consumer and industrial products conglomerate, yesterday emphatically denied that it had had contacts with Osborne Computer, the struggling portable computer manufacturer run by English-born Mr Adam Osborne, over a possible takeover. ITT added that it was not interested in such an acquisition.

Osborne, a leading U.S. manufacturer of personal computers, shut its Hayward, California, factory on Friday and laid off all its production workers. A skeleton staff remains but all manufacturing has been stopped, according to the company.

The shutdown follows a severe decline in sales of Osborne's personal computers, and is seen as the beginning of a long expected shakeout in the overcrowded personal computer market. Osborne's bank debt is believed to stand at $23m.

Mr Osborne, company chairman and founder, was not available for further comment upon last week's lay-offs, but sources close to the company said that Mr Osborne had indicated that he expected the company to declare bankruptcy this week. Reports that a takeover of Osborne Computer might salvage the company could not be confirmed.

The rise and fall of Osborne's fortunes has been dramatic, even by the standards of the consumer electronics industry. The company shipped its first product in July 1981. "We had our first million-dollar month in September 1981, and our first ten-million-dollar month in August 1982," Mr Osborne boasted recently.

Osborne created a new type of "portable" personal computer with the introduction of the "Osborne 1" two years ago. By packing an entire computer system including keyboard, screen, disk-drives and software into a unit that fitted under an airline seat, Osborne started a trend that has grown into a market worth $500m this year.

Osborne is estimated to have shipped 73,000 units in 1982 when it dominated the market for portable computers.

Just six months ago, Osborne computers was riding high on a wave of success. Mr Osborne whose outspoken manner and bravado have made him an industry personality, was busy leaking news of two new Osborne computers to the press. British and Irish development authorities were vying for his attentions as each competed for the location of a planned European manufacturing site for Osborne Computer. Mr Osborne was coyly denying, however, any plans for a public stock offering.

Today, public attention is focusing on whether Osborne computer can survive. Osborne's problems stem from the company's failure to update its product to keep up with competitors, according to market analysts. Mr Osborne himself blames a delay in shipping the new Osborne executive that was introduced in April. He also cites a "stunning switch in the market toward compatible machines."

In a recent interview Mr Osborne said that he was confident that Osborne Computer "would be flying as high as it ever had" by November. "Our problems are not as severe as has been indicated," he said, responding to industry rumours that Osborne would declare bankruptcy.

He described plans to launch a new version of the Osborne that would be compatible with IBM's portable computer. "It will be a shocker," boasted Mr Osborne. "We could make more than 20,000 units per month," he predicted.

Mr Osborne said that private refinancing would pull the company through its difficulties but also indicated that merger or acquisition could be a solution. "As larger companies (including IBM) enter the market it becomes increasingly difficult for a small company to survive. A company must either grow large or find a corporate partner."

Mr Osborne declined to identify any prospective partners for his company.

Mr Osborne, aged 44, is the son of British missionaries and was educated in the UK. Before founding Osborne Computer, he was a successful publisher of books on the computer industry. He sold the publishing business to McGraw Hill, the U.S. business publisher, before starting up Osborne Computer in 1981.

To strengthen Osborne's management team, the company hired Mr Robert Jaunich II, formerly president of Consolidated Foods Corporation. Mr Osborne handed over the title of president to Mr Jaunich but remained at the company as chairman.

Is Osborne a victim of the industry shakeout? Mr Osborne dismisses such theories. "There has been a shakeout in the personal computer industry since it began in 1976. The only change is the size of the companies that get shaken out, and the speed with which their fortunes change."

Gelco reports loss

BY TERRY DODSWORTH IN NEW YORK

GELCO, the U.S. vehicle fleet and leasing group, slumped to a loss of $23m in the year to July following a $10.9m provision for disposal of its Mexican vehicle leasing operations.

The company was also hit by a $11.3m currency charge against a translation gain of $2.9m a year ago. Net profits in the previous year amounted to $29.6m, or $2.51 a share.

Gelco said yesterday that its main problems had been encountered in its container services division, which had been affected throughout the year by the depressed level of world trade.

The company had decided to pull out of Mexico because of the lack of a stable economic environment in which to operate.

Danish bank profits up

BY HILARY BARNES IN COPENHAGEN

PRIVATBANKEN, Denmark's third largest commercial bank, reported first-half profits up from DKr 63m ($6.5m) to DKr 1.56bn. The increase stemmed entirely from the adjustment for the value of the securities portfolio by DKr 1.56bn.

Earnings before the adjustment, tax, loss provisions and depreciation were down from DKr 118m to DKr 66m. Operating earnings were adversely affected by a narrowing of the margin between interest on loans and deposits.

The bank's chief general manager, Mr Arthur Schmiegelow, described the results as "extremely satisfactory." The bank also said operating earnings in the second half will be higher than in the first half.

SA anti-trust body to query takeover

By Bernard Simon in Johannesburg

THE SOUTH AFRICAN Government has instructed its anti-trust watchdog, the Competition Board, to investigate the recent acquisition of two scrap metal suppliers by Scaw Metals, a manufacturer of steel products in the Anglo American group.

The investigation, due for completion within three months, comes within days of an announcement by the Minister of Industries that the Competition Board is to study the increasing concentration of power in South African business.

Anglo American is one of half a dozen companies which have faced a barrage of criticism recently for their alleged stranglehold on large chunks of South African business.

Like other South African steel producers, Scaw Metals has been trying to ensure continuity of raw material supplies in view of a likely shortage of scrap metal within the next few years. The group recently commissioned a direct reduction iron plan to lower its dependence on scrap, estimated at around 80 per cent.

The two companies taken over by Scaw, Abkin's Steel Corporation and Rand Scrap Iron and Metal, have in the past supplied Iscor, the state-owned steelmaker which accounts for about three quarters of South Africa's steel output. Iscor is said to be concerned about the effect of the acquisitions on its own scrap supplies.

Dekker could provide cash and ideas

Philips chief in the hunt for a German prize

BY WALTER ELLIS IN AMSTERDAM

DR WISSE DEKKER, ebullient chairman of Philips, the Dutch electrical giant, has been stalking Grundig, his company's West German partner for several years. But like any good hunter, he is both patient and painstaking, preferring to add a new trophy to his collection through only the cleanest and most humane of "kills."

Grundig is a famous name and a fine company, with a tradition of decent profits, still maintained. It is, however, slightly moribund, like much of the West German electronics sector, and is in need of new ideas, fresh capital and state-of-the-art technology. Philips can provide all three, while benefiting from the acquisition of an established company with its own markets. Neither side is in a hurry, but each is determined to see to it that developments are as they would wish, free from unwarranted intrusion.

If Grundig is being hunted, it knowns that it is prey worthy of effort.

Last week, Dr Max Grundig, the 75-year-old chairman of his privately controlled company, said during a radio interview in West Berlin that he expected Philips to increase its stake in Grundig from the present 24.5 per cent to just over 25 per cent. Under German company law, this would give Philips a veto over any attempted takeover of which it disapproved. Dr Grundig – a paternal figure held in high regard by Dr Dekker – also looked ahead to the purchase by Philips of a majority stake in Grundig.

Philips was perhaps surprised by Dr Grundig's casual announcement of its plans but has said from its

Dr Wisse Dekker

headquarters in Eindhoven that it stands positively behind the sentiments expressed. No approach has yet been made to the German Bundeskartellamt (BKA), whose permission is required for any significant change in the pattern of shareholding in a major company. But a case is being prepared, based on the desire of both sides to work together.

Earlier this year, in March, Philips effectively prevented Thomson-Brandt, the French state-owned electronics group, from taking over Grundig by refusing to sell its own 24.5 per cent holding. The BKA ruled simultaneously, however, that it was against the idea of Grundig becoming part of a near monopoly of the European electronics industry, so that its approval of any increase in Philips' holding is far from guaranteed.

Dr Grundig said in Berlin that the first step, to the 25.5 per cent level, would probably take place next year. He gave no estimate for phase two, and nor has Philips. The Dutch group will have achieved a large part of its goal by simply ensuring the maintenance of the status quo. The Thomson-Brandt bid unsettled Philips. It could have taken Grundig out of production of the V2000 video cassette recorder, developed by Philips and crucial to its medium-term strategy. Thomson-Brandt at once turned its attentions to Telefunken, in which it bought a 75 per cent stake, and then confirmed its links with Japan by concluding a deal with the JVC group on the assembly of VHS videos. Philips had won an important battle over Grundig but has been concerned since not to lose the war.

By manufacturing its V2000 range, Grundig is an important partner for Philips. It is also a long-standing buyer of electronic components from the Dutch group for its consumer products and, overall, a reliable associate in a key market. Its eventual acquisition would strengthen Philips in Germany and ensure continuing cross-border co-operation in the video and other fields.

Grundig's trouble in recent years is that it has not spent the required amount of time and money in research and development. It is too traditional a company and remains geared up for the 1970s rather than for the 1980s and beyond.

Grundig considers VHS plan

By John Davies in Frankfurt

GRUNDIG, the West German consumer electronics group, is considering whether it can profitably produce a large batch of video cassette recorders (VCRs) of the Japanese-developed VHS format for export to some foreign markets.

At present Grundig produces only VCRs of the V 2000 format developed by Philips, which has a minority shareholding in the German group.

Grundig said yesterday that a company abroad had proposed that the German group should produce "several hundred thousand" VHS format VCRs.

It would take "perhaps two years" to supply the VCRs, which would be sold outside Europe in markets where the V 2000 VCRs are not represented.

Grundig refused to name the company which had approached it or the foreign markets envisaged. It said the proposal was still being considered and discussed with the foreign company.

It was possible that such a deal could go ahead under licence from the Victor Company of Japan (JVC), the developer of the VHS system, but so far no discussions had been held with JVC.

The VHS system has by far the biggest share of the world VCR market, although Grundig maintains that the V-2000 system will increase its share of sales in the EEC this year.

The latest Grundig development comes hard on the heels of a disclosure that Grundig expects Philips to increase its shareholding in the German concern.

Dr Max Grundig, the company's founder, said last week that he expected Philips to raise its present 24.5 per cent stake to a blocking minority of just over 25 per cent in the foreseeable future. It was conceivable, he said, that Philips would eventually take a majority stake.

Gen. Cinema boosts profit

By our Financial Staff

GENERAL CINEMA, a leading independent soft drinks bottler and the largest motion picture exhibitor in the U.S., has resumed its growth pattern decisively after a disappointingly static fiscal 1982 year.

Third-quarter earnings soared by 45 per cent, from $14.6m to $21.2m, boosting the nine-month total by 33 per cent, from $30.7m to $40.8m.

Earnings per share equalled $1.13, against 78 cents for the latest three months, and $2.17 against $1.50 for the nine months.

The latest figures exclude an after-tax gain of $40.1m arising from the sale of WCIX-TV, its Miami television station, to Taft Broadcasting earlier this year for $70m in cash and notes. The 1982 nine-month earnings included a non-recurring income of $4.4m or 24 cents a share on the conversion of exchangeable debentures.

Revenues in the latest quarter increased by 4.6 per cent, from $270.3m to $282.8m. This left the nine-month total almost 5 per cent ahead at $692.6m, up from $660.4m.

Police raid shakes Carrian creditors

BY ROBERT COTTRELL IN HONG KONG

THE fate of Hong Kong's Carrian group hangs in the balance as local police continue a search of the group's headquarters following unspecified allegations of fraud.

The police search, which began on Saturday, comes just as bankers are being asked finally to approve a reconstruction of the Carrian group's attributable debts, estimated to total US$700m. If bankers fail to back the debt reconstruction, Carrian could become Hong Kong's biggest bankruptcy.

A deadline for responses had been set at 6 pm local time yesterday, extending an earlier deadline of Friday last week. An executive of Hambro Pacific, the merchant banking adviser to the publicly-listed Carrian Investments, said yesterday that he could make no comment on whether the debt reconstruction scheme would go ahead.

Banking sources suggest that while most creditors are supporting the bail-out packages for Carrian Investments and its unquoted parent company Carrian Holdings, a significant minority of banks still remain uncommitted, and were unlikely to be impressed by the weekend police swoop. "It hasn't been torpedoed," said one banker of the rescue bid yesterday, "but tracer bullets are being fired."

Hong Kong's police are making little comment on the object of their search but seem to be concentrating on documents located in managerial offices on the 24th floor of the Carrian Centre, in Wanchai District on Hong Kong Island.

No arrests have been made but police say they are acting on receipt of allegations of fraud. While refusing to give any further details, police sources say the investigation is independent of both the probe into Carrian being conducted by Hong Kong's Securities Commission, and a police investigation into the death of a local Malaysian banker, Mr Jalil Ibrahim.

One suggestion current in banking circles is that full details may not yet be known of Carrian's financial relationship with Bumiputra Malaysia Finance, the Hong Kong arm of Malaysia's state-owned Bank Bumiputra. While BMF is known to be a heavy lender to Carrian, and to other troubled property developers in the Colony, Malaysian government officials have so far sought to play down the extent of BMF's difficulties.

Bankers also note that the police swoop on Carrian is not the only hurdle to a settlement of the group's financial problems. Official clearance is still being awaited for the sale of Carrian's insurance company, China Underwriters, to Malaysian interests. Carrian's debt reconstruction is also contingent on that deal going through.

The main thrust of the debt reconstruction proposals is that bankers to Carrian Investments should write down their loans in exchange for a new issue of preference shares, while bankers to Carrian Holdings should simply defer interest and principal repayments. Carrian Investments is a diversified property company. Carrian Holdings' major asset is a stake in Carrian Investments.

Nobody knows who ultimately owns Carrian, though it appears increasingly probable that the group is largely the creation of Mr George Tan, its chairman. Reports from Singapore say Mr Tan may lose his Singapore citizenship by virtue of his recent acquisition of a Paraguay passport.

Partners in Cooper Basin win price rise

By Michael Thompson-Noel in Sydney

PARTNERS IN Australia's A$1.2bn (US$1.06bn) Cooper Basin natural gas and liquids project have won a 45 per cent increase in the price paid by New South Wales for gas supplies.

This follows a 79 per cent increase in prices paid by South Australia announced last September, when the producers agreed to expenditure of at least A$55m on an accelerated gas exploration programme over a three-year period.

The Cooper Basin partners are starting to reap the benefits of the liquids scheme which came onstream last January. Last week, Santos, the major partner and operator, reported a 95 per cent increase in first half net profit, to A$18.9m. Its partners include CSR, Crusader Oil, Vangas, and Bridge Oil.

Australian oil and gas stocks continued to show sharp price gains yesterday, the oil and gas index rising a further 16.9 points to 788.1 on the strength of recent oil discoveries.

● The Australia and New Zealand Banking Group said it will include a two-for-one share alternative in its offer for Development Finance Corporation (DFC) in addition to the previously announced A$11 cash per share, Reuter reports from Melbourne.

At ANZ's current market price of A$5.28 the alternative is worth A$10.56 for each of DFC's issued capital of A$8.35m shares.

ANZ said the share alternative was made at the insistence of institutional holders of DFC who would have faced tax disadvantages had they taken the cash offer.

Cape Wine ahead midway

By Our Johannesburg Correspondent

CAPE WINE and Distillers earned R95.6m ($85.4m) before tax and Lifo (last in, first out) accounting adjustments in the year to June 30 against R93.9m in 1981-82. Earnings per share increased to 31.9 cents from 27.4 cents and the dividend total has been lifted to 15.9 cents from 13.7 cents.

In February the South African government—or at least the Cabinet—rejected recommendations by the country's Competition Board that Cape Wine should be broken up as its near-monopoly of the wine market—it has about 85 per cent—was not in the public interest. At present the country has a "wine lake" variously estimated at between 200m and 300m litres.

Marubeni omits interim dividend

BY YOKO SHIBATA IN TOKYO

MARUBENI, one of Japan's major trading companies, vying with C. Itoh for third position in the sector, has announced that it will not pay an interim dividend for the half year to end-September because of a sharp fall in pre-tax profits for the period from Y10bn to Y6bn ($24.5m).

With a 50 per cent fall in sales of seamless pipes in the U.S., steel sector turnover fell by 20 per cent in the half year. The company also suffered an increased depreciation burden caused by bad debts relating to the ailing Yutani Heavy Industries.

In the year ended March 1983 depreciation costs related to bad debts at the company's affiliates, Nagoya Pulp and Kobe Sugar, increased by 2.2 fold to Y47.5bn. The company offset this by selling securities and tapping internal reserves such as its overseas investment loss reserve account.

As a result, the company had to cut its year-end dividend (by Y1.0) for the first time in 21 years.

Marubeni also had to sell securities in the current half but expects a recovery in sales and profits in the second half based on an upturn in the world economy. The company hopes to pay a year-end dividend of Y5 per share.

● KUBOTA, Japan's leading manufacturer of farm equipmen and industrial pipes and machinery has reported a 40.6 per cent setback to Y1.77bn ($7.24m) in consolidated net profits for the first quarter ended July 15, 1983 on sales down by 3.7 per cent to Y111.6bn. Net income per ADR (20 shares) for the first quarter was Y26, compared with Y45 in the previous year.

Sales of farm and industrial equipment rose by 1.7 per cent in the quarter to account for 41.4 per cent of the total. Sales of pipes fell by 6.3 per cent to account for 30.8 per cent and sales of industrial castings and machinery were down by 16.2 per cent to account for 16.2 per cent.

Sales of building materials and housing rose by 5.4 per cent to account for 11.6 per cent of turnover and exports improved by 5 per cent to account for 23.7 per cent.

The company attributed the sharp setbacks in earnings to slower sales and intensified competition.

INTERNATIONAL APPOINTMENTS

Marketing post at Mobil

● Mr Joe B. Hinton, has been named vice president and general manager of U.S. marketing for MOBIL OIL CORP. from October 15. He is executive vice president, property development and distribution for Montgomery Ward and Co., which, like Mobil Oil, is a Mobil Corp. subsidiary. In the oil marketing post, he succeeds Mr Robert L. Abbot, who is retiring after 35 years with Mobil.

● Mr Jack W. Schuler has been promoted to group vice president of ABBOTT LABORATORIES. Mr Schuler will have responsibility for the company's diagnostics, pharmaceutical, and chemical and agricultural products operations. He has most recently been president of the Abbott diagnostic division. Mr David A. Thompson succeeds Mr Schuler as president of the Abbott diagnostics division. Mr Thompson was corporate vice president, personnel. Mr O. Ralph Edwards, Jr., divisional vice president, corporate personnel, assumes responsibility for personnel and will be proposed for election by the board as corporate vice president.

● At the next general meetings of ROLINCO and subsequently at those of Robeco, Rorento and Rodamco, a proposal will be made to appoint Dr J. Zijlstra a supervisory director of these investment trust companies. From 1966 to 1967, Dr Zijlstra was Prime Minister of the Netherlands. On May 1 1967, he was appointed president of De Nederlandsche Bank, the central bank of the Netherlands. He continued in this function until January 1, 1982. During this period, Dr Zijlstra also acted as president of the Bank of International Settlements at Basle.

● BRITISH AMERICAN COSMETICS has appointed Miss Vera Strübi president and chief operating officer of Germaine Monteil Europe. Mr Eli Clyne remains chief executive officer and becomes chairman of the board, in place of BAC's chief executive, Mr Eric Morgan. Miss Strübi takes over from Mr Clyne as president directeur générale of BAC's holding company in France, "CFFD."

● Mr N. B. Aspery, general manager, Commonwealth Development Bank of Australia, has been appointed deputy managing director, COMMONWEALTH BANKING CORP. He succeeds Mr S. P. Kelly who retires on September 15. Mr J. W. Fletcher has been appointed general manager, Commonwealth Development Bank of Australia. He previously held the position of assistant general manager and chief manager international, Commonwealth Trading Bank of Australia. Mr G. C. Johnson, deputy chief manager international, Commonwealth Trading Bank of Australia has been appointed assistant general manager international in succession to Mr Fletcher. Mr R. G. E. Robertson, deputy chief manager, Commonwealth Trading Bank of Australia, London is to succeed Mr Johnson as deputy chief manager international.

● BRITISH TIMKEN executive Mr Alastair Simkin, has been appointed director—sales of the Australian subsidiary, Australian Timken Proprietary, at Ballarat, Victoria. Mr Simkin has been manager—automotive sales at the Northampton headquarters.

● Mr John Duckett, managing director, Barclays Bank of Ghana, has been appointed managing director of BARCLAYS BANK OF ZIMBABWE from September 16. Mr Lawrence Vambe, a director of Barclays Bank of Zimbabwe, has been appointed chairman of OXYGEN INDUSTRIES (Pvt), the Zimbabwe subsidiary of the BOC Group.

● Mr Charles S. Davis has been named president of the EDO international division. He will also serve as assistant to the president of EDO for acquisition and corporate development. Previously, he was president of EDO's recently divested general aviation avionics division.

● RENISON GOLDFIELDS CONSOLIDATED has appointed Mr C. N. Davison execu e director—technical.

● BATUS INC. has appointed Mr Henry F. Frigon its president. He will assume the duties relinquished by Mr C. I. McCarty, who will remain chairman and chief executive officer. Mr Frigon is executive vice-president and chief financial and administrative officer. Batus is a holding and management company unit of BAT Industries.

● THE MARCONI CO. has appointed Mr Ian R. Sutherland chairman of the board of Marconi Electronics Inc. in the U.S. He will be based at MEI's Washington office.

● Mr Larry Gallet, vice-president, has been appointed president and chief operating officer of ATLANTIC DESIGN CO. He succeeds Mr Max Schachter, who has been president for 32 years and remains with the company as chairman and chief executive officer.

£7m midway lift for S. Pearson

A NEAR £7m jump in pre-tax profits to £27.2m for the first half of 1983 is announced by **S. Pearson & Son.** Net interest charges were cut by £2.56m.

The directors are lifting the interim dividend from 3.75p to 5p net, but stress that it should not be assumed that the final will also be increased over last year's 7.45p.

The strike at the Financial Times cost more than £4m in the period; for the second half the cost is likely to be substantially less than the original estimate of £6m.

A strong recovery by two principal businesses was the primary reason for the profit increase. Fine china benefited from better trading conditions in North America and its rationalisation moves, and its profit before interest charges leapt from £792,000 to £5.77m.

Westminster Press has also been taking stringent action to reduce costs and improve the performance of its less profitable newspapers. As a result, and with Penguin Publishing "still doing well," profits from the information and entertainments sector were up from £9.39m to £10.32m despite the troubles at the Financial Times.

Engineering produced improved figures without any marked change in its trading conditions, its profit moving ahead from £2.58m to £4.81m. Figures from the other sectors were: oil and oil services £8.77m (£9.96m); merchant banking £4.74m (£5.71m); land and agriculture £1.18m (£844,000); other income less expenses £1.88m loss (£189,000 loss); discontinued activities nil (£181,000, mainly Doulton Glass).

Turnover in the first half was maintained at £332.84m (£332.77m). After tax £9.95m (£8.49m) and minorities £2.65m (£2.86m), the net attributable surplus comes to £14.59m (£8.86m) for earnings of 15.7p (9.5p) per share.

Results for the remainder of 1983 will reflect the downturn in Camco, the American-based oil service business, and the further cost of the strike at the Financial Times. The reason why the latter is likely to be less than envisaged is that there is a greater carry forward of advertising revenue than expected.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Angle-Indonesian ...int.	1	Jan. 3	—	§	1
Bemrose ...int.	4.4	Nov. 8	4	—	10
Blockleys ...int.	2.75	Oct. 7	2.5	—	10
C. D. Bramall ...int.	2.35	Nov. 23	2.05	—	6
Breville Europe ...	3.15‡	—	—	4.9	—
W. Canning ...int.	0.5	Dec. 1	0.25	—	1.75
Chambers & Fargus ...	0.75	—	1.25	0.75	1.75
City & Comm. ...int.	1.84	Sept. 30	1.81	—	3.21
G.T. Japan ...	3.5	Nov. 1	4	5.5	5
Hayters‡ ...int.	1.88	Oct. 3	1.88	—	10.5
Invergordon Distlrs. int.	1.5	Oct. 21	1.5	—	4
Low & Bonar ...int.	3	Nov. 21	2	—	5
Merchants Trust ...int.	1	Oct. 25	0.88*	—	2.28*
Murray Glendevon ...	2.15	Nov. 16	2.1	3.15	3
S. Pearson ...int.	5	Nov. 4	3.75	—	11.2
H. & J. Quick ...int.	0.53	—	0.53	—	1.45
Tharsis ...	2	Oct. 24	nil	—	3
Twinlock‡ ...int.	0.6	—	0.4	—	0.9
Wolstenholme Rink int.	2.5	Oct. 18	2.5	—	6.25

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Total 3p to be recommended.

Halftime profit for Quick Gp.

FORD main dealer H. and J. Quick Group has returned to profits with £289,000 pre-tax for the first half of 1983. This compares with a £110,000 loss for the corresponding period, which had been increased to £115,000 by the year end.

Turnover for the half-year was ahead from £43.55m to £49.52m. After tax of £17,000 (£14,000) the net profit was £272,000 (loss £124,000). The interim dividend is again 0.53p.

First half growth at Blockleys

Growth has been shown by Blockleys, maker of facing bricks, in the first half of 1983, and the directors are raising the interim dividend by 10 per cent, from 2.5p to 2.75p net, as a reflection of their confidence in the prospects for the rest of the year.

Turnover was up from £1.75m to £2.09m, reflecting in part the expansion of production for the private housing market where a slightly lower margin was more than compensated for by higher sales volume.

Profit advanced from £277,000 to £306,500, after interest charged nearly doubled to £34,000 and before tax of £127,000 (£122,000). Earnings are shown at 11.83p (10.19p).

The company is continuing to develop new products and markets. The directors remain confident of reporting further progress and achievement at the end of the year. In 1982 profit before tax reached £652,000 and the dividend total was 10p.

Wolstenholme Rink six month fall

ALTHOUGH pre-tax profits at Wolstenholme Rink have slipped from £611,000 to £601,000 for the six months to the end of June 1983 Mr S. H. Wright, chairman, predicts an improvement—depending on demand—in profits at the year end.

The net interim dividend has been maintained at 2.5p—in the last full year a final of 3.75p was also paid, from pre-tax profits of £737,000.

Mr Wright points out that results show a substantial improvement over poor results for the second half of last year. Recovery is, however, from a very low level and profit before tax is similar to that for the first half of 1982.

On future prospects, Mr Wright says that demand has strengthened slightly, which coupled with measures taken, will lead to improved profits in 1983. The extent of this improvement will however depend on the level of demand in the months to come.

Turnover for the six months expanded from £8.33m to £9.9m.

Business improved across all group companies, says Mr Wright. The main bronze powder business of Wolsten- to be affected by its move from Bolton to Darwen. This company is seeing a strong recovery in aluminium business. This will be helped by the purchase from McKechnie Metal Powers of machinery for making flake aluminium powders.

Tax for the six months has been estimated significantly lower at £29,000, against £277,000. Capital expenditure, which depressed the tax charge in the last full year, has continued in the first half of 1983, and the tax charge relates to overseas.

Profits after tax improved from £334,00 to £572,000 from which minority interests took £51,000 (£26,000). After extraordinary debits of £36,000 this time, attributable profits emerged up from £308,000 to £485,000.

City & Commercial

Net revenue moved up from £427,732 to £433,876 at City and Commercial Investment Trust for the six months to July 31, 1983. The net interim dividend has been lifted from 1.81p to 1.836p.

Net asset value per £1 capital share is shown as rising from 491.125p to 581.5p.

Tax amounted to £188,608 compared with £194,834

Second half loss pulls Breville down to £1.1m

AFTER THE disappointing first half, Breville Europe, electrical appliance disributer, has run into a loss of £420,000 in the period January-June 1983. This reduced the profit for the year ended June 30 1983 to £1.12m, compared with £3.53m in the previous year. The final dividend is 3.15p and brings the total up to 4.9p, the minimum forecast when the company came to the USM in September 1982.

Sales for the year slumped from £18.22m to £11.22m. The major reason was the decline in the overall sales of sandwich toasters in the UK. Mr W. D. O'Brien, the chairman, reminds shareholders of his optimism about the results prior to Christmas last, and says the whole supply of stock of sandwich toasters was committed against forward orders.

In the event, he explains, consumer purchases did not match up to trade expectations, and the company had to cancel or suspend orders for further supplies, leaving it with surplus stock. In addition, there remained higher stocks than ever before throughout the trade. Therefore, the January-June 1983 period was one in which trade customers lived off this stock and made very few Breville purchases.

Fortunately, the very wide fluctuation in purchases by the trade was not entirely matched by consumer demand which continued at a steady (albeit lower) level.

Mr O'Brien says the sandwich toaster is still one of the highest volume sellers among small electrical products, and "I believe the overall market has now stabilised and that Breville's share will remain dominant." The company has recently introduced two new models for Christmas.

In the air care products market Breville has achieved a leading position which, although substantial, has not grown as quickly as expected. A new two-speed model has been introduced and is part of the company's plan to take an increasing share of this expanding market. Among other products for this autumn will be an electric jug-kettle and a new food processor.

For the 1982-83 year net profit came out at £702,000, compared with £1.69m, after tax of £421,000 (£1.84m). The ordinary dividend takes the whole of the profit after waivers of some £115,000 by two major shareholders, Breville Holdings Pty and Mr O'Brien. Earnings are shown at 4.3p (11.3p).

Turning to prospects, the chairman says the current year has started slowly, but this is traditionally a period of low sales. A reliable picture does not emerge until the extent of the Christmas ordering is known.

● comment

It has been said that **Breville Europe** misjudged the sandwich toaster market. But has the stock market misjudged Breville? The assumption is that the company has a declining share of a declining market. Granted, but how many home electrical appliance distributors make net margins of 10 per cent, have cash in the balance sheet, and have shares yielding a mountainous 18.5 per cent? Breville's problem seems to be that whenever it comes up with a bright marketing idea—air care machines for example—the manufacturers rush into the market with a similar product at a cheaper price. The company is to combat that by upgrading products and calling them de luxe. But if the consumer decides that a sandwich toaster is a sandwich toaster is a sandwich toaster then Breville will once again have a bleak time during the critical Christmas period. But it should never be forgotten that Breville has no manufacturing capacity, so there are clear limits on the downside. Yesterday the shares gained 7p to 41p. That is a far cry from the offer price of 90p which was subject to a 27-fold oversubscription a year ago, and the market seems to have overdone the cynicism.

Mersey Docks back in trading profit

THE Mersey Docks and Harbour Company, yesterday reported trading profits of £3.6m, for the first six months of this year following a series of losses since 1978.

The figure compares with loss of £3.5m in the same period last year and £9.5m for the whole of 1982.

Much of the reason for the company's trading turn round rests on the great strides made last year to cut costs through rationalisation in an attempt to meet the Government set target of breaking even by the end of last year.

This rationalisation has included a reduction in the workforce of 1,800, withdrawal of cargo handling activities from Birkenhead, a two-year pay and productivity deal and more aggressive marketing.

The company has also been greatly assisted by the Government's decision to write off almost £30m of debts on capital investment, saving Mersey Docks about £3m in interest charges in a full year.

While costs have been lowered, the company's interim report shows total operating revenue has changed very little, up from £28.9m to £29.9m.

Sir John Page, chairman, says the second half results will almost certainly be inferior to those of the first. This is because Liverpool has taken traffic from other ports which have been in temporary difficulties through strikes and other problems.

Nevertheless Sir John expects the company to make a profit for the full year. "We will go on plugging away doing what is necessary to stay in profit," he said. "There is no doubt we can do it and will do it."

This optimism is qualified by warnings about future trading difficulties and the need to reduce costs further.

Bemrose pushes ahead to £1.15m

IN THEIR interim report covering the six months ended July 2, 1983 the directors of Derby-based **Bemrose Corporation** say the results, showing pre-tax profits up from £1.03m to £1.15m, demonstrate the continuation of the pattern of profit growth established last year.

They say the profit was achieved by operations that became highly efficient in an atmosphere of intense price competition which continued to prevail throughout all the group's various markets.

As no quick change is expected in this environment the directors have planned operations to achieve further improvements from the group's own productivity.

First half turnover slipped from £22.26m to £21.75m and at the trading level profits were little changed at £1.39m, compared with £1.36m, before deducting lower interest charges of £245,000, against £345,000 previously.

Earnings emerged at 8.02p (7.26p) per 25p share and the interim dividend is being increased by 0.4p to 4.4p net.

The group's principal activities consist of high technology printing and packaging and with order patterns "still very volatile" many of its customers are not prepared to predict whether any recovery will be of sufficient strength to stimulate sustainable levels of stronger demand in their varied markets with the beneficial effects this would bring to the printing and packaging industries.

The directors say the group has the capacity to take on a substantial increase in the level of business

Meanwhile, they point out that its reputation with the banks for "quality and reliability" and its investment in high technology have won a major share of new contracts for cheques.

Bemrose has redesigned Luncheon Vouchers to incorporate new security features and this business will increase progressively over the next 12 months.

It has also gained new orders for information processing and microfiche in automotive markets and for defence contractors.

The directors conclude that their confidence in the future of Bemrose as a growing independent company has "never been stronger."

● comment

Given the intense competition in the packaging sector, both for cartons and flexibles, **Bemrose** has not done badly to hold itself steady at the trading line. The company keeps its profits breakdown safely under lock and key but undoubtedly its printing operations—both security and calendars—are gaining increasing importance. They must be worth more to profits than their 47 per cent contribution to sales. Security printing in particular, where the company boasts some high technology production, insulates Bemrose from the vagaries of packaging for the grocery trade. Calendars of course present a perennial problem to forecasting at this time of year but assuming the British public wants to know what day of the week it is during 1984 profits should top last year's £3m. If Bunzl wants to have another crack at Bemrose it will have to do better than last year's 140p. Or perhaps it will be tempted to take a profit on its near 14 per cent holding and let someone else try for a bid. At 206p the share are yielding close to 8 per cent.

Murray Glendevon falls £0.1m

Net revenue of the Murray Glendevon Investment Trust fell from £407,000 to £316,000 in the year to July 31 1983 and from 3.92p to 3.04p per 25p share.

The year's dividend is being raised from 3p to 3.15p net with a final of 2.15p (2.1p). Net assets per share are given as 291.7p (180.6p).

Gross revenue amounted to £1.83m (£1.55m) and after interest payable of £1.27m (£840,000) and administration costs of £85,000 (£67,000) the pre-tax figure came to £478,000 (£643,000). Tax took £162,000 (£236,000).

UK COMPANY NEWS

Bramall advances to £1.27m halfway

HALF-TIME figures from C. D. Bramall, motor vehicle dealer, show turnover advancing by £9.15m to £33.63m and pre-tax profit by £220,000 to £1.27m. The interim dividend is lifted from 2.05p to 2.35p net.

Motor dealerships pushed up their profits by 27 per cent over the corresponding period last year. The period was fairly buoyant, with the trading pattern much the same as a year ago—high vehicle discounts and intense competition between manufacturers. The new Vauxhall/Bedford dealership is making a "useful contribution."

Parts and service operations all performed well and "provided stability in the company's business." Profit from contract hire, leasing and finance was slightly below last year.

After tax £596,000 (£499,000), the half year's net profit came out at £677,000 (£554,000) for earnings of 12.8p (10.5p) per share. A waiver has been received on the interim dividend to the extent of £14,087.

For the year 1982 the company turned in a profit of £1.95m and paid a total dividend of 6p.

Telemetrix plans full SE listing

Telemetrix, a Gloucestershire-based electronics holding concern, is finalising plans to obtain a full stock market listing for its shares. The company was formed in 1978 to provide advanced electronic design and manufacturing facilities for the communications and computing industries.

The company's largest subsidiary, Westward Micro Systems, claims to be the leading European manufacturer of graphic terminals, while other subsidiaries are involved in CAD/CAM computer systems, medical electronics, communications systems and numerically controlled engineering.

Telemetrix's turnover for the year to June 30 1983 was over £5.5m, and pre-tax profits were more than £1.5m. The issue is to be handled by Barclays Merchant Bank and brokers Stok Beech.

Chamberlain Phipps

The Chamberlain Phipps rights issue of 6.1m shares at 48p each has met with an acceptance rate of about 90 per cent.

The balance of the issue has been sold in the market.

Low & Bonar recovers to £2.16m at midterm

A TURNROUND from losses in the British, European and Pacific activities of Low & Bonar helped the group mount a recovery in first half taxable profits from £64,000 to £2.16m in the period to May 31 1983.

The interim dividend of this packaging, engineering, textiles and travel concern is being stepped up from 2p to 3p net per 50p share, on stated earnings per share of 4.18p (losses 10.23p). For the year to November 30 1982 a total of 5p was paid on earnings of 2.01p and pre-tax profits of £3.53m.

A geographical breakdown of the taxable profits which included associates earnings of £750,000 (£263,000) shows: UK/Europe £53,000 (losses £800,000); North America £1.29m (£224,000); Africa £913,000 (£1.84m); Pacific £268,000 (losses £227,000); and parent company interest and charges not otherwise allocated £363,000 (£975,000). The latter figure fell due to a change in the basis of interest allocation and a reduction in costs.

And a breakdown by division shows: packaging £1.48m (£272,000); engineering £528,000 (£286,000); textiles £902,000 (£846,000); travel losses £386,000 (£365,000); and charges £363,000 (£975,000).

The directors report that although much has been done to eliminate the serious losses incurred by the engineering division in the UK and Europe in 1981 and 1982, much still remains to be done, particularly in the area of transformer manufacture.

"We have been reviewing our major engineering operations with the assistance of consultants, and recommendations are expected shortly," they say.

Tax took £1.49m (£1.28m) and after minority interests of £71,000 (£203,000) and extraordinary debits of £94,000 (£247,000) the attributable profits came to £507,000 (losses £1.67m). Dividends absorb £419,000 (£279,000).

● comment

Emerging from a traumatic period of rationalisation Low and Bonar is now taking stock and seeking areas of growth. Consultants are presently reviewing the long-term future of the engineering division which constituted 21 per cent of pre-tax profits, the results of which will be revealed in the next annual report. Markets for transformers have been depressed in the UK and the Middle East. Packaging has been going well, especially in North America and sales of Flotex carpets, now established in the UK are growing overseas. Low and Bonar has been trying to improve the quality of its earnings by boosting profits in the UK and North America and lessening the dependence on Africa. Currency difficulties have halved profits from Africa to £900,000 in the first half. It contributed £4.7m for the full year last year. The uncertainty in Africa makes it hard to estimate profits for the year but the market has recognised a recovery stock and the shares which have come up from a year low of 70.5p closed up 2p at a year's high of 112p.

Invergordon Distillers ahead

AN UPLIFT in pre-tax profits from £1.74m to £1.84m has been shown by Invergordon Distillers (Holdings) for the six months to the end of June 1983. However, promotional expenditure in the U.S. and continuing pressure on margins mean the directors think it unlikely that second half profits will reach last year's level of £2.18m.

Sales of this Glasgow-based distiller, whose ultimate holding company is Hawker Siddeley Group, expanded from £10.71m to £10.9m.

The net interim dividend has been held at 1.5p—in the last full year a final of 2.5p was also paid.

Commenting on the period under review the directors say the results are much in line with those of last year, reflecting continuing low demand for new fillings of Scotch whiskies. However they say this was offset by an increase in sales of neutral grain spirit and sales of matured blended Scotch whisky.

In recent years much emphasis has been placed on the establishment and development of the company's main brand, Scots Grey Deluxe Scotch Whisky, in world markets. An opportunity has been taken for the brand to be marketed in the U.S. and an agreement has been negotiated with an importer and distributor to establish the brand in the U.S.

The directors consider that this project holds considerable potential for the future.

Pre-tax profits were struck after interest payments down from £371,000 to £226,000. Tax amounted to £648,000 compared with £379,000 and earnings per 25p share were shown as slipping from 6.99p to 6.11p.

● comment

An Ancient Age could make all the difference to Invergordon's future. The Scottish distiller has found a distributor for its premium Scots Grey Deluxe in the States. Ancient Age, run by a Mr Falk who is ex-Seagrams and has been in the drinks business for 30 years, will start promoting Scots Grey to the trade any day now prior to a public launch next month. Certainly Invergordon needs to break into the U.S., but do American bars need yet another scotch on their shelves? Probably not. Still Ancient Age is the fourth largest selling bourbon so at least Invergordon has hitched its wagon to a distributor with a fair amount of clout. And after all Invergordon does not have to grab much of the 20m case market to make the exercise worthwhile. However the entry fee in terms of promotional costs is heavy and profits will probably fall to around £3½m this year. Malt is in the doldrums, whisky filling demand is low with only neutral spirit for gin and vodka keeping the grain distillery busy. It's hard to imagine that Carlton might suddenly launch a bid so the shares stand on trading prospects alone. Taking a line through the interim tax charge the p/e is around 12 and the yield 4 per cent at 143p.

Tharsis surges to £235,000

First-half taxable profits of Tharsis for 1983 surged from £154,000 to £235,000 on higher turnover of £3.07m compared with £2.56m.

An interim dividend is to be paid for the first time—by this company, which sells (outside Spain) pyrites purchased from Compania Espanola de Minas de Tharsis—of 2p net per 25p share. For 1982 a single payout of 3p was made from pre-tax profits of £412,000.

The directors say the increase in turnover is due principally to an increase in mineral sales to the company's Belgian, Greek, Turkish, British and Italian customers. They expect that the export sales tonnage for 1983 will be somewhat higher than 1982 and similar to 1981.

Tax took £14,000 (£6,000) leaving attributable profits of £221,000 (£148,000).

Anglo Indonesian leaps: calls for £1.06m

SIGNIFICANT improvements in the trading performances of both the plantation and engineering businesses together with a satisfactory reduction in group UK bank borrowings enabled the Anglo-Indonesian Corporation to push its pre-tax profits up from just £18,000 to £536,000 for the first half of 1983.

A net interim dividend of 1p is declared and the directors say that since they can reasonably expect generally improved results for the remainder of the year they are planning to recommend a 2p increase in the total payment to 3p per 25p share.

Along with the results they say they are proposing to raise approximately £1.06m net by a rights issue of 1,250,828 shares at 92p per share.

The shares will be offered on a one-for-five basis to ordinary shareholders and on the basis of one-for-four to convertible preference holders.

The proceeds of the issue will be used to reduce the group's bank borrowings and to enable it to expand its plantation interests and, in particular, to finance the further development of the Tasik concession to oil palms in North Sumatra.

Turnover for the half year totalled £12.03m (£1.27m). Profits were subject to tax of £94,000 (£11,000), minorities of £58,000 (£33,000 credit) and extraordinary credits of £63,000 (£111,000 debits).

Earnings for the period emerged at 6.92p (0.87p) undiluted and at 5.18p fully diluted. The profit and loss account excludes the group's Brazilian companies.

Following the return to more normal weather conditions, particularly in Java, tea crops on the group's estates are 19 per cent up on the same period last year.

The group's new planting on its Tasik concession is going well.

The Brazilian companies returned profits of £398,000 (£303,000) before taking account of interest and exchange losses of £979,000 (£766,000). Turnover amounted to £2.23m (£4m).

The rights issue is being underwritten by Laurence Prust and Co. Dealings in the new share are expected to start tomorrow.

First Co-Op Finance

For the 26 weeks to July 9 1983 taxable losses of First Co-Operative Finance, a subsidiary of the Co-Operative Bank, fell from £1.72m to £82,000.

Turnover for the period rose from £48.17m to £54.46m, and the pre-tax result was struck after lower interest of £2.96m against £3.59m. Tax takes £4,000 (£10,000).

As at July 9 hire purchase and instalment credit totalled £87.71m (£68.02m), leased equipment £6.6m (£7.23m), loans £27.82m (£29.09m), and land held for development and work in progress £3.05m (£3.65m).

Cost cutting helps push Canning to £0.8m midterm

THE SUCCESS of reducing operating costs and introducing new products is reflected in an increase from £165,000 to £753,000 in pre-tax profit of W. Canning for the first half of 1983. The group is involved in chemicals, metals and electronics, and did not experience any noticeable improvement in UK demand until June.

The directors have decided that the present position warrants an improved dividend, and are doubling the interim to 0.5p net. Total dividend for 1982 was 1.75p from a pre-tax profit of £636,000, being cut from the 3.978p of the previous year when the interim was 1.724p.

Profitability in chemicals has been restricted by low UK demand despite improvements in productivity, increase in market share of speciality chemicals and widening the range of products. The recently established U.S. business has moved into profit.

Metal refining companies have experienced better profits following the improvement in precious metal prices. The 83 per cent owned HB Electronic Components, which is a member of the USM, is operating well and its trading profit rose from £56,000 to £77,000, and it is paying the promised interim dividend of 0.42p.

Group sales for the half year fell to £25.27m (£25.75m). The profit was struck after redundancies £45,000 (£112,000) and surplus property costs £76,000 (£162,000). Tax requires £264,000 (£14,000) and minorities £16,000 (£12,000), leaving the net attributable profit at £473,000 (£139,000) equal to 3.5p (1.1p) per share.

Borrowings are substantially lower than at the end of 1982. Proceeds of assets identified in the 1982 audited accounts as "assets in the course of realisation" amounting to £1.73m had all been received by mid July. Accordingly, interest costs are expected to be lower in the second half.

The group still has available for sale surplus properties with a boox value of £1.23m, the majority of this in value is let to tenants and will be income producing from January 1984.

Canning has a minority equity investment in Canning Engineering (Holdings). In June, Canning acceeded to the request of the principal trading subsidiaries of Engineering to appoint a Receiver. Canning has an unconsilidated and non-income producing equity investment as shown in the accounts of £893,000, in addition it has given seured loans amounting to some £700,000.

It is anticipated that appointment of a Receiver will result in Canning having to write off its equity investment from its balance sheet.

● comment

W. Canning's efforts to change from an essentially income earning engineering stock to a more broadly based chemicals, metals and electronics growth stock is taking shape though it could take another year or so before the market is really convinced it has succeeded. Well marked as a recovery stock, the shares had come up strongly before the results. They added just 2p to 82p yesterday. The demise of Canning Engineering will make Canning's departure from engineering more costly than it had hoped — but £1.73m profit from property disposals will just about clear the loss and leave borrowings still well down at about 35 per cent of equity at the end of the year. Delighted with the flotation of 17 per cent of HB Electronics on the USM at 38p per share and now standing at 115p per share, Canning is thinking of repeating the exercise at some unspecified date with Marston Bentley. This subsidiary which makes sealants, adhesives and fire resistant hydraulic fluids has a turnover of £6m. Exports and sales overseas, especially in Germany and the U.S. are expanding strongly. Canning seems set to make around £1.75m for the year which on tax charge of 40 per cent puts them on a prospective PE of just under 11.

Freshbake heads back to market

BY DOMINIC LAWSON

Freshbake Foods Group is once again to be a publicly quoted stock by making its debut on the Unlisted Securities Market by way of a placing of 4,215,160 shares at 60p each.

These shares, all of which have been sold by the directors, represent almost 20 per cent of the equity, which in total will be capitalised at £13m at the placing price.

The group was incorporated as long ago as 1933 and became a quoted company in 1948. Thomas Borthwick & Sons acquired 58 per cent of the company in 1972 for £3.1m, and five years later bought out the remainder for £1.1m. Under Borthwick, Freshbake was consistently loss-making and in 1981 Borthwick sold the group to the present chairman, Mr John Taylor, for £1 together with liabilities of £1.1m.

In its first full year of new-found independence Freshbake made a pre-tax profit of £589,000 on turnover of over £19m. In the six months to March 31 1983, the company made £603,000 on turnover of £11.4m. For the current year, to March 1984, the company forecasts pre-tax profits of not less than £1.45m. On the anticipated tax charge of only 9 per cent, that puts the shares on a prospective multiple of 9.8. On a fully taxed basis the p/e ratio rises to 18.6. On the forecast dividend payout, the prospective gross dividend yield is just over 4 per cent at the placing price.

The three subsidiaries of Freshbake are engaged in the manufacture, processing and distribution of frozen foods. The group's customers include Allied Bakeries, Bejam, Finefare, J. Sainsbury and Waitrose.

Following the placing the directors of Freshbake will hold over 70 per cent of the equity. The placing was carried out by brokers Paul E. Schweder, Miller & Co.

● comment

When the stock earnings set up the USM to encourage new entrants to its capital markets it can hardly have expected that one applicant would be a group that originally obtained a full listing in 1948. Step forward, Freshbake Foods Group. In fact, there is something fresh about Borthwick, it has regained both independence and profitability. Its strategy of picking off market share from the majors has been to concentrate on clearly defined product lines and then to generate the maximum benefits from high volume and economies of scale. At the same time it has avoided dependence on any one retailer. With the prospect of sharp price rises in foodstuffs after a bad harvest, the outlook for the frozen foods sector is promising. The fully taxed prospective multiple of 18.6 is not very meaningful in view of Freshbake's capital allowances. On an estimated actual tax charge, the ratio falls to less than 10. In that light, the shares seem reasonably priced.

Hayters

Glass cutting machine maker Hayters fell from taxable profits of £470,000 to £249,000 in the first half to March 31, 1983, on higher turnover of £3.43m compared with £3.09m.

With earnings per £1 share of this Unlisted Securities Market quoted company given as 7.8p (11.6p) the interim dividend is being maintained at 1.875p net. Last year a total of 10.5p was paid from pre-tax profits of £759,000.

Trading profits suffered from the launching of new models and fierce competition encountered in the domestic market. However, the high level of demand being experienced in the second half indicates a return to previous levels of profitability.

The comparatives relate only to the company's current business activities and the results of Caribbean Cruisers, which traded for part of that period, are not included.

Tax took £67,000 (£198,000).

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES(B), WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON THURSDAY, 15TH SEPTEMBER 1983, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON WEDNESDAY, 14TH SEPTEMBER 1983.

ISSUE OF £1,100,000,000

10 per cent TREASURY STOCK, 1987

MINIMUM TENDER PRICE £97.00 PER CENT

PAYABLE AS FOLLOWS:

Deposit with tender	£20.00 per cent
On Monday, 17th October 1983	£40.00 per cent
On Monday, 14th November 1983	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 12TH JUNE AND 12TH DECEMBER

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for £1,000,000,000 of the above Stock; the balance of £100,000,000 has been reserved for the National Debt Commissioners for public funds under their management.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.
The Stock will be repaid at par on 12th June 1987.
The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 12th June and 12th December. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first interest payment will be made on 12th June 1984 at the rate of £6.4361 per £100 of the Stock.

Tenders must be lodged at the Bank of England, New Issues(B), Watling Street, London EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 15TH SEPTEMBER 1983, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 P.M. ON WEDNESDAY, 14TH SEPTEMBER 1983. Tenders will not be revocable between 10.00 a.m. on Thursday, 15th September 1983 and 10.00 a.m. on Tuesday, 20th September 1983. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £97.00 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

A separate cheque representing a deposit at the rate of £20.00 for every £100 of the *nominal* amount of Stock tendered for must accompany each tender; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.
Tenders must be for a minimum of £100 Stock and for multiples of Stock as follows:—

Amount of Stock tendered for	*Multiple*
£100-£1,000	£100
£1,000-£3,000	£500
£3,000-£10,000	£1,000
£10,000-£50,000	£5,000
£50,000 or greater	£25,000

Her Majesty's Treasury reserve the right to reject any tender or part of any tender and may therefore allot to tenderers less than the full amount of the Stock. Tenders will be ranked in descending order of price and allotments will be made to tenderers whose tenders are at or above the lowest price at which Her Majesty's Treasury decide that any tender should be accepted (the allotment price), which will be not less than the minimum tender price. All allotments will be made at the allotment price: tenders which are accepted and which are made at prices above the allotment price will be allotted in full; tenders made at the allotment price may be allotted in full or in part only. Any balance of Stock not allotted to tenderers will be allotted at the allotment price to the Governor and Company of the Bank of England, Issue Department.

Letters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allotment, and any refund of the balance of the amount paid as deposit, may at the discretion of the Bank of England be withheld until the tenderer's cheque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the tenderer to transfer the Stock so allocated. No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the balance of the amount paid as deposit will, when refunded, be remitted by cheque despatched by post at the risk of the tenderer; if no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for the relevant payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 10th November 1983. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any payment is overdue).

Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 14th November 1983.
Tender forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England, 25 St. Vincent Place, Glasgow G1 2EB; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast BT1 5BN; at Mullens & Co., 15 Moorgate, London EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
12th September 1983

THIS FORM MAY BE USED

TENDER FORM

This form must be lodged at the Bank of England, New Issues (B), Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 15TH SEPTEMBER 1983, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 P.M. ON WEDNESDAY, 14TH SEPTEMBER 1983.

ISSUE OF £1,100,000,000

10 per cent TREASURY STOCK, 1987

MINIMUM TENDER PRICE £97.00 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We tender in accordance with the terms of the prospectus dated 12th September 1983 as follows:—

Amount of above-mentioned Stock tendered for, being a minimum of £100 and in a multiple as follows:—

Amount of Stock tendered for	*Multiple*
£100-£1,000	£100
£1,000-£3,000	£500
£3,000-£10,000	£1,000
£10,000-£50,000	£5,000
£50,000 or greater	£25,000

1. NOMINAL AMOUNT OF STOCK £

Amount of deposit enclosed, being £20.00 for every £100 of the *nominal* amount of Stock tendered for (shown in Box 1 above):— 2. AMOUNT OF DEPOSIT (a) £

The price tendered per £100 Stock, being a multiple of 25p and not less than the minimum tender price of £97.00:— 3. TENDER PRICE (b) £ : p

I/We hereby engage to pay the instalments as they shall become due on any allotment that may be made in respect of this tender, as provided by the said prospectus.

I/We request that any letter of allotment in respect of Stock allotted to me/us be sent by post at my/our risk to me/us at the address shown below.

.... September 1983 SIGNATURE ....
of, or on behalf of, tenderer

PLEASE USE BLOCK LETTERS

MR/MRS MISS	FORENAME(S) IN FULL	SURNAME
FULL POSTAL ADDRESS:—		
POST-TOWN	COUNTY	POSTCODE

a A separate cheque must accompany each tender. Cheques should be made payable to "Bank of England" and crossed "New Issues." Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

b The price tendered must be a multiple of 25p and not less than the minimum tender price. If no price is stated, this tender will be deemed to have been made at the minimum tender price. Each tender must be for one amount and at one price.

MINING NEWS

Lac Minerals to raise further funds

BY GEORGE MILLING-STANLEY

CANADA'S Lac Minerals plans a quick return to the equity market for new funds, following the successful issue in June of 2m shares.

The group, Canada's second biggest gold producer, has filed a preliminary prospectus for the issue of a further 1m shares, which can be expected to raise around C$25m (£13.6m).

Further details will be available when the issue is priced, probably in about two weeks' time. The brokers involved are Midland Doherty and McLeod Young Weir.

The funds raised will go towards Lac Minerals' growing capital expenditure programme, which includes work on a new shaft for the Bacassa gold mine near Kirkland Lake in eastern Ontario, further exploration of the Hemlo deposit in north-western Ontario, and an expansion of the group's oil and gas development programme.

The Macassa mine celebrates the 50th anniversary of the start of gold production on October 15. Around 1,500 guests have been invited to the celebrations, including the Hon John Aird, Lieutenant-General of Ontario.

At Hemlo, Lac Minerals expects to announce an increase in the present estimate of reserves of 11m tons of ore before the end of this year. This will be based on exploration work which is still in progress, and there have been suggestions that the group will announce as much as a doubling of present reserves.

The deposit, known as the Williams orebody, is open at depth and to the north-west. Recent drill results indicate sizeable widths of mineralisation, grading between 3 and almost 8 grammes of gold per ton.

Five rigs are currently at work attempting to intersect the north-western extension of the Williams orebody.

Meanwhile, an analysis of drill results from the western portion of the orebody indicates an area of gold mineralisation which requires additional work before its economic potential can be assessed.

In addition, Lac has drilled 14 holes in an area of six square miles on the big White River holding to the south-east. The group expects to spend a further C$1.5m on these two properties during the remainder of this year.

Elsewhere, a surface diamond drilling exploration programme is under way in an area about 1,300 ft west of the producing open pit of the 50 per cent-owned Doyon gold mine at Cadillac, north-western Quebec.

A number of holes have intersected ore at an average grade of 8.7 grammes of gold per ton over a width of about 11 ft, but Lac Minerals has not so far been able to correlate results from any of the holes. Drilling is continuing.

Peko-Wallsend increases offer for Robe River

AUSTRALIA'S Peko-Wallsend has stepped up the battle for control of the iron ore producer Robe River by increasing its offer from A$2.40 a share to A$2.65 (156p). This compares with last Wednesday's offer from Pancontinental Mining of A$2.50 a share.

The offer from Peko, a big mining and industrial group, is conditional on acceptances of over 90 per cent, with the price falling to A$2.60 if acceptances are between 50 and 90 per cent. The latest offer values the whole of Robe River at A$113.9m.

Pancontinental began the auction for Robe River last month with an offer of A$2 per share. The group now holds 9.52 per cent of the iron ore company's issued capital, while Peko has about 1 per cent.

Pancontinental's stake makes it extremely unlikely that Peko can reach the desired 90 per cent, as Mr Tony Grey, Pancontinental's chairman, has said that he regards the holding as a strategic long-term investment and will not sell to Peko.

Robe River's main attraction is a 35 per cent stake in the Robe River iron ore joint venture in the Pilbara region of Western Australia, which contains more than 1bn tonnes of iron ore.

Inco clarifies position

COMMENTING ON local press reports that Inco's 98 per cent-owned Indonesian subsidiary would suffer a further loss of US$60m (£40m) this year, Mr James D. Guiry, president and managing director of PT International Nickel Indonesia, said that there had been some misunderstanding of his earlier remarks.

Mr Guiry said that as a matter of policy Inco does not publish financial forecasts. He added that for the first half of this year the operating loss of the Indonesian subsidiary was US$45m. After adding interest charges on external debt, the net loss amounted to US$56m for the period.

However, he expected the net loss for the second half to be considerably lower. Helping matters is the reduction in costs in line with increasing production levels and the gradual improvement in nickel prices experienced in recent months.

The company expects to produce somewhat more than 40m pounds of nickel in matte this year, compared with 30m pound in 1982. Effectively, the matte is purchased by the Canadian parent company, which then arranges for the required further refining and sale of the finished product.

Most of the Indonesian company's production is sold in Japan.

Cominco reduces loss

HIGHER PRECIOUS metal prices and increased production of copper concentrates from the Valley Mine in British Columbia were the main factors behind a sharp reduction in the loss of Cominco in the second quarter of this year.

Cominco, part of the Canadian Pacific group, returned a net loss for the three months to June 30 of C$3.7m (£2m), which compares with the first quarter's loss of C$19m. The latest result brings the loss for the first half of the year to C$22.7m.

The group said that the average gold price realised during the three months was C$523, up from C$408 in the comparable period of 1982, while the silver price was C$15 against C$8.

UK COMPANY NEWS

G.T. Japan rises and pays 5.5p

Pre-tax profits of GT Japan Investment Trust pushed ahead from £539,000 to £563,000 for the year to end-June 1983 and a final dividend of 3.5p makes a net total of 5.5p, compared with 5p. A four-for-one scrip issue is also proposed.

Income for the year rose by £518,000 to £1.55m and was made up as to dividends and interest on investments £1.17m (£845,000), deposit interest £74,000 (£165,000) and profits on dealings in investments by subsidiaries £304,000 (£20,000).

Interest payable accounted for £745,000 (£278,000) and expenses £242,000 (£214,000).

Tax charge amounted to £294,000 (£277,000) to leave earnings per 25p share at 5.61p (5.5p) diluted and at 5.37p (5.23p) undiluted.

Net asset value per ordinary share was 540p (313p) on the basis that the loan stock had been fully converted.

FT Share Information

The following securities have been added to the share Information Service:
Aurora 9pc Conv. Cum. Red. Pref. (Section: Engineering)
Castle (G.B.) (Stores)
City Site Estates (Property)
Ivanhoe Gold N.L. (Mines—Australian)
Nationwide B.S. 10 $\frac{9}{16}$ pc Bds. 9/7/84 (Loans—Build'g. Soc.)
Nationwide B.S. 10¼pc Bds. 30/7/84 (Loans—Build'g. Soc.)
Stainless Metalcraft (Industrials)

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	132	—	6.4	4.8	7.7	10.1
158	117	Ass. Brit. Ind. CULS	141	—	10.0	7.1	—	—
74	57	Airsprung Group	72	—	6.1	8.5	20.6	20.6
46	21	Armitage & Rhodes	22	—	4.3	19.5	2.6	4.3
227	98½	Bardon Hill	227	+1	7.2	3.2	4.6	9.4
151	100	CCL 11pc Conv. Pref.	143	—	15.7	11.0	—	—
270	190	Cindico Group	190	—	17.6	9.3	—	—
88	45	Deborah Services	56	—	6.0	10.7	3.7	10.0
126	77	Frank Horsell	126	—	—	—	5.3	8.7
120	75½	Frank Horsell Pr Ord 87	120	—	8.7	7.3	5.0	8.3
83	57	Frederick Parker	57	—	7.1	12.5	3.6	5.7
55	32	George Blair	32	—	—	—	5.5	11.6
100	65	Ind. Precision Castings	66	—	7.3	11.1	8.5	10.6
200	100	Isis Conv. Pref.	200	—	15.7	7.9	—	—
114	47	Jackson Group	107	—	4.5	4.2	6.6	11.0
237	111	James Burrough	209	—	11.4	5.5	11.5	11.9
260	137	Robert Jenkins	140	+1	20.9	14.3	16.3	10.9
83	64	Scruttons "A"	68	—	5.7	8.4	11.3	8.2
167	110	Torday & Carlisle	112	—	11.4	10.1	6.0	8.6
29	21	Unilock Holdings	23xd	—	1.0	4.3	15.0	21.9
85	64	Walter Alexander	81	+1	6.8	8.4	7.1	9.4
276	214	W. S. Yeates	265	—	17.1	6.5	4.1	8.5

Licensed Dealer in Securities

UK COMPANY NEWS

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	TCB	9½%
CL Bank Nederland	9½%	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.8%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account = 9.09%. Effective annual rate—9.48%.

BIDS AND DEALS

Norton defends accounting plan

BY CHARLES BATCHELOR

Mr Stewart Jamieson, chairman of **W. E. Norton (Holdings)**, the machine tool distributor and security alarms group, defended the company's accounting practices at yesterday's shareholders' meeting.

The accounting policy which Norton intends to apply following the acquisition of three security companies will be to "capitalise direct labour, materials and direct engineering overheads, restricted where necessary to ensure that future income anticipated to be earned from the equipment, at current rates, will not be less than the attributable future costs of that income, including depreciation."

The accounting practices of some security firms have been criticised recently as maximising profits in early years but reducing them subsequently.

Shareholders approved the acquisition of Atlas Alarms (North West), Capricorn Security Systems and Surety Security Services at yesterday's meeting. They also gave their assent to the unification of the two clases of Norton's ordinary shares and a new share option scheme.

"We asked our accountants to give us an accounting policy we could work with," said Mr Jamieson. "I have put £500,000 of my own money into the company and I am working like hell to turn it round. I can guarantee shareholders a lot of excitement and results."

Norton's shares fell 2½p to 25½p yesterday.

LONRHO SETTLES

An agreement has been signed which provides for the Government of Tanzania to pay **Lonrho** compensation in excess of Tanzanian Shs 155m for the assets which were acquired by the Government in 1978.

Lonrho is now commencing discussions with the Government concerning reinvestment together with new ventures, which will concentrate on the agricultural potential of Tanzania.

Westminster Gp. welcomes bid from St. Piran

The board of **Westminster Property Group** and its advisers, County Bank, welcome the announcement of the proposed offer from **Saint Piran** and will be advising shareholders of what action to take when full details are received.

The chairman, Mr Timothy Royle, commented: "The self-regulatory system of control of take-overs and mergers has been vindicated by the announcement. This is good news for all Westminster's shareholders." A letter to shareholders will be despatched as soon as possible.

The chairman expects to be requested by Saint Piran to adjourn the extraordinary meeting convened for September 19.

BOC VENTURE

Viggo, a member of the BOC Group, the international gases, health care, carbon and welding products group, and J. Pfrimmer and Co KG, are to form a joint venture company in West Germany called Pfrimmer Viggo GmbH and Co HG.

With headquarters and product development laboratories at Erlangen, and production facilities at Plattling and Neunkirchen, Pfrimmer Viggo will manufacture a comprehensive range of intravenous products. It will eventually assume total responsibility for marketing and distributing Viggo products throughout West Germany.

FEEDBACK

Feedback has purchased **Powertran Cybernetics** for £390,000. Powertran supplies high technology kits for the construction of audio equipment, computers and a range of robots for education.

Monopoly report on £83m Sotheby bid due tomorrow

The Monopolies and Mergers Commission report on the £83m takeover bid from wealthy U.S. businessman Mr Alfred Taubman for **Sotheby's**, the art auctioneers, is to be published tomorrow.

Sotheby's shares rose 13p to 675p yesterday, just below the 700p offer price from Mr Taubman.

The Commission has taken just three months to complete its report, well within the six months it is normally allowed.

Mr Taubman, a Detroit property developer, made an agreed counter-bid for Sotheby's after the company had rejected an earlier offer from two other American businessmen, Mr Stephen Swid and Mr Marshall Cogan.

The former Trade Secretary, Lord Cockfield, referred the original bid from Mr Swid and Mr Cogan to the Commission against the advice of the Office of Fair Trading.

The reason given for the referral was the need to study the impact of the bid on London as a centre of the international art market and on the position of Sotheby's in that market though it was not seen as a threat to competition.

SHARE STAKES

Westwood Dawes—Mr R. Allsop, director, his wife, Mr Y. E. Allsop, and his stepson, Mr W. Davies, have purchased 2,550, 10,105 and 14,992 ordinary shares respectively.

Automotive Products — The executors of the estate of the late Mr W. Emmott have disposed of 148,247 ordinary shares.

Parlborough Property Holdings—Mr M. M. Lange, director, has sold a further 50,000 ordinary shares reducing his holding from 7.5m to 7.45m.

Francis Parker—Following the disposal of shares, Investors in Industry is now interested in 4.75m ordinary shares (16.4 per cent).

Marley—Mr R. A. Aisher has disposed of 18,387 ordinary shares (non-beneficial).

Midland Marts Group—On August 23, the Throgmorton Trust held 230,500 shares (7.12 per cent).

Nash Industries—Throgmorton Trust has disposed of its entire holding of 300,000 ordinary shares.

Northern Foods—On August 4, Mr H. Lotman, a director, acquired 50,000 ordinary shares at 184p.

Computer and Systems Engineering—Mr A. T. Rafferty, an executive director, has bought 25,000 ordinary shares.

Personal Assets Trust—Mr J. M. Menzies, director, has purchased 16,508 shares at 33p.

Hanson Trust—The Prudential Corporation group of companies now holds less than 5 per cent of the ordinary shares.

S. W. Farmer Group—the shareholding in the above company in the names of Mr C. E. C. Cooke, Mr C. D. Caddy, and Mr A. W. M. Farmer, have been reduced to under 5 per cent.

Mercury Securities—The non-beneficial interests of directors Lord Roll, Mr D. A. Scholey, and Viscount Garmoyle are 772,860, 777,860 and 772,860 respectively.

SUNLIGHT SERVICES

Brengreen (Holdings) has purchased 850,000 ordinary shares (7 per cent) in the Sunlight Services Group at 250p per share. Brengreen now owns 7.2 per cent of Sunlight.

Queens Moat buys two hotels for £2.5m

Queens Moat Houses has bought a further two hotels, bringing the number in the group to 51, with 3,825 rooms, together with five public house/restaurants. The hotels have been purchased from Saxon Inns, a subsidiary of the shipping group Furness Withy, for £2.5m cash.

The 98-bedroom Saxon Inn, Blackburn, is a three-star commercial hotel near the M6. It will supplement Queens Moat's representation in the north, where it already has hotels, at York, Darlington and Newcastle. It is held on a 988-year lease at a peppercorn rent.

The 100-bedroom Saxon Inn, Gatwick, is on the Crawley side of the airport. It is a three-star hotel and is held on an 83-years-unexpired lease. It will complement Gatwick Moat House.

The purchases establish Queens Moat as one of the largest independent quoted UK hotels companies. Recently announced interim profits were 48 per cent ahead at £1.6m and the group is confident that the profits forecast for 1983 of £4m will be comfortably achieved.

EXCO INTERNATIONAL

Exco International has sold 2,517,587 rights for new ordinary shares at 73p per nil paid right.

The British & Commonwealth Shipping Group has acquired 1.6m rights which brings its interest to 12,546,241 ordinary (20.2 per cent).

The remaining 917,587 rights were placed through the market by Grieveson, Grant and Co and de Zoete & Bevan, brokers to Exco.

Rights sold arose as to 872,804 in relation to fractions and holdings of North American residents (including 264,444 relating to P. J. D'Angelo, a director of Exco) and 1.73m in relation to holdings of other directors of Exco, a former director, senior executives and related parties.

The executive directors of Exco will take up the balance of their rights and directors will continue to hold about 7.5m ordinary (12 per cent).

Rights were sold by N. M. Rothschild & Sons.

PETER BLACK

Peter Black Holdings has purchased J. S. Textiles of Whitefield near Manchester, which manufactures bedding and curtains. Peter Black expects the total net cost of this investment to be in the region of £250,000.

Twinlock sharply higher at £918,000

Twinlock, a manufacturer of office products and furniture, has continued its improvement of recent years by raising its pre-tax profits by £492,000 to £918,000 for the six months to August 28 1983.

In his interim report Mr John Murray, the chairman, comments that the improved performance was due to a 21 per cent increase in UK sales, mainly during the first quarter—overseas sales fell by 6 per cent.

The chairman warns, however, that while demand in the UK continues to be strong it is less buoyant than in the spring and it is unlikely that profits for the second half will show the same rate of progress.

Meanwhile, the group is stepping up its net interim dividend from 0.4p to 0.6p per 10p share—a final of 0.5p was paid for the 1982-83 year when pre-tax profits totalled £1.07m.

Sales for the period under review moved up from £15.48m to £17.64m. Tax took £201,000, compared with £112,000 and minorities £9,000, against £15,000.

During the half year the group, whose shares are traded on the Unlisted Securities Market, purchased £525,685 nominal of its unsecured loan stock at a cost of £501,688.

Airsprung midway profit

IN SPITE OF continuing difficulties in the bedding industry, pre-tax results at **Airsprung Group** have shown a turnround from losses of £151,729 to profits of £626,904 for the first six months of 1983. Turnover expanded by 34 per cent from £6.4m to £8.57m.

The net interim dividend has been raised from 1p to 2.4p.

The extremely hot weather slowed down consumer spending in the opening weeks of the second half, says Mr J. G. Yates, chairman, but assuming that the usual seasonal trend prevails, he is confident that results for the remaining months of this financial period will be satisfactory.

Pre-tax profits in the last full year came to £426,030.

The current financial period has been extended to 15 months ending on March 31, 1984. The accounts for that period will include extraordinary costs associated with aborted negotiations to acquire bed manufacturing interests from Duport.

At the trading level profits came to £621,988 (losses £100,338) and were subject to much reduced interest charges of £8,419 compared with £60,916. Associate profits rose from £9,525 to £13,335.

The company's shares are traded on the market created by Granville & Co.

Merchants Trust increase

Net earnings at the **Merchants Trust** are shown as rising from £1.3m to £1.44m for the six months to the end of July 1983. The interim dividend has been raised from an adjusted 0.875p to 1p. The directors intend to maintain the final at 1.4075p to reduce disparity.

Net asset value per 25p share is shown as rising from an adjusted 65.3p to 102.6p, and fully diluted to 102.5p.

During the half year under review and subsequently, emphasis on investment in U.S. bonds and equities has been maintained. Since July 31 further dollar borrowing has been utilised and total borrowings stand at $21.5m.

Revenue for the six months moved ahead from £2.47m to £2.94m. Expenses rose from £124,000 to £144,000 and loan interest from £279,000 to £414,000. Tax came to £925,000 (£745,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Leisure, BTR, Bowater, British Aerospace, British Vita, Brixton Estate, Richard Clay, Costain, S. W. Farmer, Garner Booth, Hartons, Heatair, Home Charm, I. and J. Hyman, Marchwiel, Bernard Matthews, Trade Indemnity, Willis Faber.

Finals: Celtic Haven, Consolidated Gold Fields, Fleet Holdings, Imry Property, London Merchant Securities.

FUTURE DATES

Interims—	
Brent Chemicals International	Sept 27
Cartwright (R.)	Oct 12
Cussins Property	Sept 20
Executex Clothes	Sept 16
House of Fraser	Sept 29
JSD Computer International	Sept 14
Leyland Paint and Wallpaper	Sept 29
Lyon and Lyon	Sept 15
Owen Owen	Sept 21
Sale Tilney	Sept 15
Finals—	
Dalgety	Sept 20
Epicure	Sept 16
Maynards	Sept 23
Sheafbank Property Trust	Sept 21
Tor Investment Trust	Sept 15

FINANCIAL TIMES
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Geneva sugar pact talks in trouble, Page 36

WALL STREET

Spectacular somersault from peak

RUSH HOUR for Wall Street equity traders began the minute the market opened yesterday, bringing an almost immediate 20-point leap in the Dow Jones Industrial average and a first-hour volume which at 37.08m shares was in the all-time top ten, *writes Gordon Cramb in New York.*

The "one and only reason," as one broker put it, was the entirely unexpected $2bn drop in the M-1 measure of U.S. money supply announced after last Friday's close, paving the way toward lower interest rates.

Then a spanner was thrown in the works, however, in the form of a market rumour that the Fed's calculations had been wrong and would be revised. This the authorities later denied.

The rumour nonetheless helped bring on a day of volatile gyrations in which the only constant factor was the trading pace as turnover grew to a total of some 115m units.

The Dow, which had effortlessly cleared its peak of 1,248.30 set on June 16, succumbed to profit-taking which left it 10.67 beneath its pre-weekend level at 1,229.07 after a mid-afternoon rally collapsed.

Nearly all sectors benefited from the morning strength, brokers noted, while the midsession correction brought an equally evenly distributed erosion of these gains.

The credit markets, which on Friday evening had hailed the money supply news with a sharp markdown in yields on government and corporate paper, retained the majority of this improvement yesterday in fairly quiet trading as the Federal Reserve avoided a tightening of liquidity which some had feared would come through bill sales or reverse repurchases.

Dealers there said much of Friday's advance had been achieved on fairly thin volume, and a downward adjustment was no serious cause for concern.

The broad-based nature of the early rally in stocks and the subsequent decline meant it was left to issues surrounded by specific corporate developments to provide the noteworthy movements.

Prominent among these was the intervention of Williams, the fertiliser and energy group, with a $39 a share bid for Northwest Energy, eclipsing the previously agreed leveraged buyout by an investors' group led by Allen and Co priced at $31.

Northwest jumped $5⅛ to $37¼ on the news while Williams shed $1⅞ to $26⅝.

A slide into losses by Gelco after large-scale write-offs of the vehicle leasing operator's Mexican involvements had been discounted in advance by the market and its stock improved $⅝ to $17⅛ compared with a 52-week high of $27⅛ and low of $16¼.

Chrysler was active and $¼ weaker at $29½, General Motors fell $1¼ to $72 and Ford shed 1⅛ to 60¼.

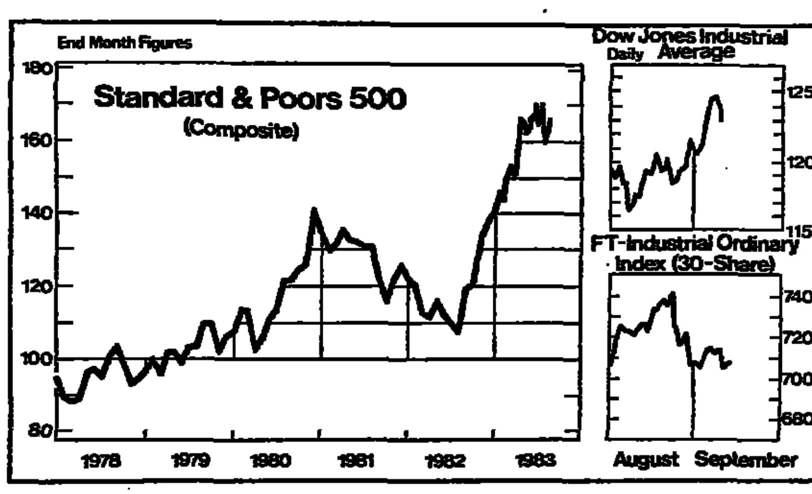
Steels were also weak. U.S. Steel, which denied reports of planned closures, dipped $1¼ to $28⅝ and National Steel – the Detroit motor industry's main supplier – shed $1⅜ to $30⅛.

Even in the midst of the bull market, meanwhile, a Wall Street broking firm showed one of yesterday's more severe setbacks. Stock in Merrill Lynch dropped $4⅜ to $37⅜ in busy dealings after the firm revised downward its profit projections for the year. Phibro-Salomon relinquished $2⅜ at $28⅛.

An early afternoon downturn in the government bond markets brought the key long bond, the 12 per cent of 2013, back below the 104 level it had attained on Friday evening when it leapt 1½ points. It stood yesterday at 103 29/32 to yield 11.55 per cent.

At the shorter end the three-month Treasury Bill was discounted at 9.04 per cent, some seven basis points firmer, while the six-month rate moved up the same amount to 9.18. Fed Funds came down to 9½ per cent from Friday's 9⅝.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 12	Previous	Year ago
DJ Industrials	1229.07	1239.74	906.82
DJ Transport	566.15	569.66	369.6
DJ Utilities	132.23	131.17	114.48
S&P Composite	165.48	166.92	120.97
LONDON			
FT Ind Ord	707.9	704.9	571.6
FT-A All-share	451.86	450.21	353.27
FT-A 500	488.65	487.42	390.07
FT-A Ind	437.80	437.01	359.89
FT Gold mines	694.5	691.0	352.9
FT Govt secs	80.82	79.98	77.43
TOKYO			
Nikkei-Dow	9355.13	9304.01	7105.03
Tokyo SE	687.63	684.6	532.89
AUSTRALIA			
All Ord.	736.7	730.3	492.5
Metals & Mins.	613.3	608.2	403.0
AUSTRIA			
Credit Aktien	55.13	55.27	48.92
BELGIUM			
Belgian SE	133.14	133.28	100.37
CANADA			
Toronto Composite	2575.4	2577.0	1604.0
Montreal Industrials	460.33	462.05	293.15
Combined	432.46	432.78	276.41
DENMARK			
Copenhagen SE	n/a	198.83	84.93
FRANCE			
CAC Gen	135.2	134.7	98.8
Ind. Tendance	144.6	143.7	113.9
WEST GERMANY			
FAZ-Aktien	312.85	311.48	222.36
Commerzbank	928.8	924.8	674.4
HONG KONG			
Hang Seng	910.92	922.75	1080.58
ITALY			
Banca Comm.	199.81	198.95	166.64
NETHERLANDS			
ANP-CBS Gen	140.5	139.3	87.4
ANP-CBS Ind	112.5	112.0	68.8
NORWAY			
Oslo SE	211.38	208.45	104.94
SINGAPORE			
Straits Times	974.7	967.25	639.81
SOUTH AFRICA			
Golds	973.0	967.9	595.1
Industrials	946.1	945.0	613.1
SPAIN			
Madrid SE	closed	114.29	102.32
SWEDEN			
J & P	1500.38	1491.18	627.2
SWITZERLAND			
Swiss Bank Ind	338.2	337.3	248.5
WORLD	Sep 9	Prev	Yr ago
Capital Int'l	180 1	180.7	135.8

GOLD (per ounce)

	Sept 12	Prev
London	$414.375	$414.625
Frankfurt	$416.00	$414.75
Zürich	$417.50	$415.50
Paris (fixing)	$418.59	$416.00
Luxembourg	$417.00	$414.75
New York (Sept)	$405.30	$413.50

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 12	Previous	Sept 12	Previous
$	–	–	1.5025	1.493
DM	2.6605	2.674	4	3.995
Yen	243.4	244.6	366	365.5
FFr	8.0125	8.04	12.035	11.9975
SwFr	2.163	2.1705	3.2525	3.2425
Guilder	2.9765	2.9885	4.475	4.465
Lira	1589.5	1594.25	2388	2380
BFr	53.46	53.69	80.35	80.15
C$	1.23075	1.23125	1.849	1.8385

INTEREST RATES

Euro-currencies	Sept 12	Prev
(three month offered rate)		
£	9¾	9 13/16
SwFr	4 5/16	4 7/16
DM	5 11/16	5¾
FFr	15	15
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 15/16	10⅛
6-month U.S.$	10⅛	10 7/16
U.S. Fed Funds	9½	9 5/16
U.S. 3-month CDs	9.50	9.8
U.S. 3-month T-bills	8.99	9.12

U.S BONDS

Treasury	Sept 12 Price	Sept 12 Yield	Prev Price	Prev Yield
10⅝ 1985	99 29/32	10.65	100 4/32	10.50
10¾ 1990	96 16/32	11.47	96 25/32	11.38
11⅞ 1993	101 29/32	11.54	102 11/32	11.44
12 2013	103 29/32	11.55	104 4/32	11.49
Corporate				
AT & T				
10⅜ June 1990	92.83*	11.95*	94.15	11.65
3⅞ July 1990	68.00*	10.60*	68⅝	10.50
8⅝ May 2000	75.05*	12.30*	75⅞	12.15
Xerox				
10⅝ March 1993	91½*	12.15*	93	11.88
Diamond Shamrock				
10⅝ May 1993	90¼*	12.38*	91½	12.15
Federated Dept Stores				
10⅞ May 2013	86.402*	12.35*	12.15	87.802
Abbott Lab				
11.8 Feb 2013	95.270*	12.40*	12.20	96.789
Alcoa				
12¼ Dec 2012	94.46*	12.85*	12.65	96.881

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	72–04	72–30	72–00	71–16
U.S. Treasury Bills (IMM) $1m points of 100%				
December	90.67	90.78	90.64	90.46
Cert Deposit (IMM) $1m points of 100%				
September	90.55	90.72	90.55	90.40
LONDON				
Three-month Eurodollar $1m points of 100%				
September	90.31	90.60	90.36	90.18
20-year Notional Gilt £50,000 32nds of 100%				
September	103–28	104–05	103–24	102–20

COMMODITIES

(London)	Sept 12	Prev
Silver (spot fixing)	815.60p	819.60p
Copper (cash)	£1072.50	£1077.75
Coffee (Sept)	£1716.00	£1710.00
Oil (spot Arabian light)	$28.62	$28.65

LONDON

Ebullient gilts steal limelight

GOVERNMENT securities surged higher to dominate London stock markets at the expense of leading shares yesterday. Once again, the cause of London's early ebullience was the latest set of U.S. money supply statistics, and the FT Industrial Ordinary share index gained 3 to close at 707.9.

Domestic and overseas investors scenting lower international interest rates vied to obtain stock in markets free of official tap following the sell-out early yesterday of remaining supplies of the $300m tranche of Treasury 12 per cent 1995.

Leading industrials opened sharply higher but a downdrift soon ensued in markets clouded again by Government BP share sale possibilities and also overshadowed by the revived activity in gilts. *Details, Page 31; Share Information Service, 32–33.*

AUSTRALIA

CUTS in key domestic interest rates, coupled with optimism over international rates following favourable U.S. money supply figures, drew strong buying interest in Sydney.

Prices rose sharply across a wide spectrum in heavy trading, pushing the All Ordinaries index 6.3 points ahead to a new high for the year of 736.7.

In oil and gas stocks, Santos gained 26 cents to A$8.76, while Crusader and Vamgas both put on 20 cents to A$4.40. Metana rose 35 cents to A$3.25 and Poseidon 40 cents to A$6.40 in golds. MIM was a rare loser among minings, 2 cents off at A$4.48.

SINGAPORE

SELECTIVE trading brought strong gains for most issues in Singapore early in the day, but uncertainty set in later. Despite a bout of profit taking before the close, prices still finished ahead, with the Straits Times index 7.45 points up at 974.70. Volume was low.

Hotel stock Faber Merlin gained 5 cents to S$2.89 and Pan Electric rose a similar amount to S$3.04, while in property stocks Selangor put on 10 cents to S$6.60 and Lien Hoe 10 cents to S$7.80.

HONG KONG

LAST week's 1½ percentage point rise in local interest rates continued to deter investors in Hong Kong yesterday. Stocks generally closed weaker in thin trading, with the Hang Seng index off 11.83 points to 910.92.

Property issues were again under pressure, with Cheung Kong 15 cents easier at HK$7.05 and Swire Properties and New World Development each 5 cents off at HK$5 and HK$2.925 respectively. The weakening Hong Kong dollar was another factor behind the poor tone in equities, brokers said.

SOUTH AFRICA

A PARTIAL retreat in the bullion price had little effect on golds in Johannesburg yesterday. Egoli jumped another 20 cents to R2.33 before closing at R2.20 on news of its plans to acquire new mineral rights and on the popularity of stock options maturing during October.

Other minings and financials logged marginal gains in moderate trading, and industrials were mixed to firmer.

CANADA

BROAD advances were recorded on both the Toronto and Montreal stock exchanges by mid-session yesterday.

The strongest gains in Toronto were in the oil and gas sector, followed by golds. Metals and minings also encountered noticeable rises.

Montreal banks were in the vanguard of the early advances, while industrials and utilities experienced firmness of sentiment. Papers also benefited from the positive tone of the session but not to the same extent as other sectors.

TOKYO

Buyers bank on boost for Wall Street

THE SHARP plunge in the U.S. money supply announced last weekend encouraged investors to buy blue chips and incentive-backed issues in Tokyo yesterday, pushing up the Nikkei-Dow market average to an all-time high of 9,363.85 at one point, *writes Shigeo Nishiwaki of Jiji Press.*

The previous record was 9,355.66, registered on September 7. The index of 225 select issues slipped to 9,355.13 at the day's end, still up a healthy 51.12.

Gains edged out losses 332 to 331, with 169 issues unchanged. Volume sagged from 350.52m shares last weekend to 252.10m.

Investors bought blue-chip and incentive-backed stocks in small lots in anticipation that prices would rise substantially on Wall Street later because of the steep decline in money supply. Sony, which may report rapid recovery in its business results for the half-year ending next April, registered a gain of Y200 at one stage, finishing at Y3,790, up Y170.

Fujitsu rose Y60 to Y1,410, exceeding its all-time high of Y1,400 on August 23. NEC gained Y20 to Y1,460, Oki Electric Y27 to Y732, Matsushita Electric Industrial Y40 to Y1,700, Honda Y15 to Y895, Canon Y50 to Y1,460 and Ricoh Y27 to Y929.

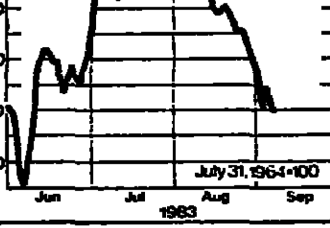
Oils advanced because of the yen's firmness. Nippon Oil and Teikoku Oil, which are promoting oil development projects in Oman, rose Y50 to Y985 and Y22 to Y785 respectively. Mitsubishi Oil added Y17 to Y349, Toa Nenryo Y30 to Y1,170 and Koa Oil Y22 to Y498.

Foreign buying pushed Nippon Steel up Y3 to Y171, Kawasaki Steel Y2 to Y172 and Nippon Kokan Y2 to Y150.

But Arabian Oil, which had been popular among speculators, lost Y450 to Y5,850 and Nippon Lace suffered a day's limit loss of Y200 to Y1,290. Penta-Ocean went down Y24 to Y337 and Shikibo Y27 to Y362.

Many city banks, foreign banks operating in Japan, trust banks and corporations offered massive bonds for sale, which a leading securities house estimated at a total of more than Y200bn. Major brokerage houses bought many of them but later placed sell offers for fear of future price moves.

Yield on the barometer 7.7 per cent government bonds with 6.5 years remaining to maturity dropped from Friday's 7.59 per cent to 7.51 per cent. The bonds were then offered for sale at a yield of 7.54 per cent. Government bonds carrying a coupon of 7.5 per cent and having 9.5 years remaining to maturity changed hands at a yield of 7.85 per cent against 7.94 last weekend, but were later offered for sale at 7.88 per cent.



EUROPE

Still wary despite good omens

FRIDAY'S announcement of an unexpected fall in U.S. money supply figures combined with the IMF's guarded forecast of recovery for the world economy to give a predictable lift to European bourses yesterday. But trading in most centres was subdued – investors apparently relying on Wall Street's later reaction to tell them how much weight to attach to these two factors.

In **Frankfurt**, the $2bn fall in M-1 dispelled the fear of still higher U.S. interest rates which has weighed down the market since early July. Moderate buying interest centred on electricals AEG and Siemens. AEG touched DM 80 before easing to close at DM 79.70 for a gain of DM 1.40, while Siemens rose by DM 4.80 to DM 340.50.

The new Wella preference shares made their debut at DM 379, compared with a subscription price of DM 340.

Motor issues closed higher with Daimler DM 2.70 up at DM 572.20 and VW DM 2.30 ahead at DM 218.70.

In chemicals, BASF firmed 90 pfg to DM 150.40 and both Bayer and Hoechst were 70 pfg higher at DM 150.20 and DM 155 respectively. In engineerings, Linde jumped DM 5 to 376 and MAN gained 50 pfg to DM 129.50 but KHD eased 80 pfg to DM 240.20.

The FAZ closing index edged ahead 1.41 points to 312.89.

The Bank of France's decision to lower the call money rate by ⅛ of a point to 12⅛ per cent proved an added incentive in **Paris**, but again trading was no more than moderate.

In motors, Valeo gained FFr 3 to FFr 293 after announcing a one-for-three rights issue at FFr 220 to raise FFr 167m, while Peugeot put on FFr 4.10 to FFr 206.2.

Construction groups were mainly higher, with Bouygues FFr 7 ahead at FFr 732 and Dumez FFr 19 up at FFr 909, but Poclain went against the trend in electricals, shedding a half to FFr 80.

Banks drew particular support from expected lower interest rates in **Amsterdam**, with ABN gaining Fl 7 to Fl 366.

Insurer Ennia rose Fl 17 to Fl 162 after a Fl 16.50 jump on Friday when news of its merger talks with the Ago group was announced.

Internationals showed increasing strength later, Unilever putting on Fl 4 to Fl 224.50 and Akzo Fl 1.20 to Fl 79.

Stocks closed slightly lower in **Brussels**, but traders forecast an upturn today when the Belgian bourse would take its cue from expected rallies in bigger exchanges.

Societe Générale eased BFr 5 to BFr 1935, but Petrofina rose BFr 40 to BFr 6040 on expectations of a firmer oil market.

Technical considerations ahead of Friday's monthly settlement day saw slight gains in **Milan**, but trading was thin. Features of selective buying were a L29 gain to L3089 for Fiat and Montedison's L4.75 rise to L224.

In Switzerland, the Zurich and Geneva markets were inactive because of public holidays, but prices closed generally firmer in Basle.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
17⅞	6¾	AAR	.44	3.0	21	21	15	14⅞	14⅞	-⅛
38	29½	ACF	1.40	3.7	44	700	38	37⅛	37⅞	-⅛
20	14½	AMF	.50	3.1		822	16½	16	16¼	+1
38¼	13¾	AMR Cp			44	7479	31½	29⅞	29½	-1
18⅞	14⅛	AMR pf	2.18	12		59	18¼	18	18⅛	
35⅛	24⅞	AMR pf	2.13	6.5		498	34¼	32⅞	32⅞	-1½
15¾	2½	APL				275	15½	14⅞	14⅞	-⅛
55	31¾	ARA	2.05	4.0	13	240	52½	50⅞	50⅞	-1¼
79⅞	42¾	ASA	3a	4.6		878	68	63¾	64½	-2⅞
33¼	8½	AVX	s .32	1.2	66	106	27⅞	27	27¼	+1
50¼	34¾	AbtLab	1	2.1	18	1512	49⅞	47¼	47⅞	-⅞
30½	24	AccoW	n .50	2.0	19	152	25½	25⅛	25⅛	
27½	18¾	AcmeC	.40	1.6		377	24½	24⅜	24⅞	+⅞
14⅞	6⅞	AcmeE	.32b	2.8	288	150	11⅞	11½	11½	-⅛
21½	5¾	AdmDg	.04	.2	17	21	20⅞	20⅞	20½	-⅛
17⅞	14	AdaEx	1.73e	10		58	17⅛	17	17	
19¾	6⅞	AdmMl	.24	1.4	9	62	17½	17⅛	17¼	+⅛
28	12⅞	Advest	s .16	.7	9	173	26	23⅞	23⅞	-1⅞
34⅞	8⅞	AMD	s		64	3349	31⅞	29⅞	29⅞	-1½
44⅞	32⅞	AetnLf	2.64	7.2	7	1941	37⅞	36⅞	36⅞	+1
65	52½	AetL	pf5.18e	9.1		805	57	56⅞	56⅞	+1
40½	13½	Ahmns	.60	2.0	17	1986	31¼	29¾	30¼	+1
7⅞	2⅞	Aileen				85	5¾	5½	5½	-⅛
50⅞	28¾	AirPrd	1	2.0	14	993	u51	49½	49½	-⅛
27¼	12½	AirbFrt	.60	2.6	23	91	23½	23¼	23¼	
3⅞	2	AlMoa	n		19	91	2⅞	2¾	2⅞	+⅛
33½	27	AlaP	pfA3.92	13		15	30¼	30	30¼	+1
7⅞	6⅞	AlaP	dpf.87	12		45	7	6⅞	7	+1
81½	63⅞	AlaP	pf9.44	13		z300	71¼	71¼	71¼	-⅛
70	55½	AlaP	pf8.28	13		z100	64	64	64	+1
24½	15	Alagsco	1.76	8.0	6	15	22⅞	21⅞	21⅞	-⅛
18⅞	6¾	AlskAir	.12	.8	12	863	17	16	16	+⅛
24⅞	12¾	Alberto	.54	3.4	16	25	16⅛	15⅞	15⅞	-⅛
[illegible]										

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	6⅝	AAV	.32	2.1	13	7	15¼	15⅛	15⅛	
6⅛	1½	ATI				38	3⅜	3¼	3¼	
12⅛	2	AcmePr			10	8	7½	7½	7½	
19½	10⅜	AcmU	s.32	2.0	18	19	16½	16¼	16¼	−¼
14½	7½	Acton	s		9	200	12⅛	11⅞	11⅞	−⅛
12	5⅝	Acton a	.11	12.	39	86	8⅝	8⅛	8⅛	+⅛
6½	1¾	Acm	wt			14	4	4	4	−⅛
8	1¼	AdmRs				10	5¼	5⅛	5⅛	
30⅝	13⅜	AdRusl	s.10	.4	17	55	25⅜	25⅛	25⅛	+¼
28⅜	14¼	Adobe	.20	.8	16	105	24⅛	24	24⅛	+⅛
6⅜	2	AegisCp			14	530	4	3⅝	4	−⅛
24⅝	11⅞	AerBx	s		19	67	19½	19¼	19¼	+¼
7	4	Aeronca			8	117	4⅜	4⅜	4⅜	
32⅛	10	AfilHsp	.36	1.3	12	13	27¼	26¾	27⅛	+⅝
17½	3⅜	AlhSix			12	93	14⅛	13¾	13¾	−½
15½	5⅜	AirExp				112	7	6⅞	6⅞	−½
6⅞	4⅜	Alamc	n		11	18	5½	5⅜	5½	+⅛
23⅝	4⅛	AlbaW	.16e	.9	14	15	16⅛	16	16	−½
12¼	3	AlnTr	s			9	7¼	7	7	−½
12⅞	7¼	AlraySt		1.7		2	11⅞	11¾	11⅞	
10½	5¼	AlphaA				49	7½	7⅛	7⅛	
28⅛	14½	Alphal	s.05	.3	27	57	20⅛	19⅞	19⅞	−⅛
22	9⅛	Altamil	.40	1.8	12	4	21⅞	21⅞	21⅞	+¼
1⅜	½	Altec				34	1⅛	1⅛	1⅛	
2⅞	1⅛	Altex				446	2⅜	2¼	2¼	
11-16	1-16	Altex	wt			35	11-16	9-16	9-16	−1-16
32½	7⅞	AlzaCp				451	23	21⅝	22	−½
28⅝	11½	Amdhl	s.20	1.2	47	3339	17⅞	16⅞	16⅞	
25⅛	6⅛	Amedc	s.08	.4	24	222	19⅝	19	19	−⅛
7½	3½	ABilt	n .15	2.4	35	4	6½	6¼	6¼	
5	1⅛	AmCap				8	3⅛	3⅛	3⅛	
39	20	AContrl	.80	2.1	9	1	38	38	38	+⅛
44¾	12⅛	AExp	wt			281	30	28¼	28⅛	−1
15½	7½	Alsrael			3	87	8⅛	8¼	8¼	−⅛
18⅜	9	AMzeA	.52	3.3	82	44	16½	16	16	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
25	21½	VaEP	pf2.90	13		9	[illegible]	[illegible]	[illegible]	[illegible]
66½	52¾	VaE	pf7.72	13		z1500	60⅝	60⅝	60⅝	+3⅞
62	50	VaEP	pf7.20	13		z500	56	56	56	−¼
27½	15½	Vornad			31	100	26½	25½	26½	−⅞
12⅝	8½	Vulcinc				32	8⅞	8⅝	8¼	
70	43	VulcnM	2.44	3.6	19	20	67¼	67	67¼	+¼
		W-W-W								
23¼	17⅛	WICOR	2.14	10	7	98	21⅛	20⅝	21	+⅛
44½	27½	Wachov	1.56	3.5	11	44	u45	44⅛	45	+⅛

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

NEW YORK CLOSING PRICES

Continued from Page 29

CANADA

DENMARK

NETHERLANDS

Sept 12	Price Fls.	+ or —
ACF Holding	163.5	+1
Ahold	175.5	+6.5
AKZO	79	+1.2
ABN	366	+7
AMEV	125.5	+0.6
AMRO	60.5	+1.5
Bredero Cert	177.5	—0.5
Boskalis Westm.	48	+1.2
Buhrmann-Tet	46.5	
Caland Hldgs	34.8	
Credit Lyon'is Bk	49.5	+0.1
Elsevier-NDU nv.	383	+1
Ennia	162	+17
Euro Com Tst	102	
Gist.-Brocades	161.5	+5
Heineken	125.7	+3.4
Hoogovens	35.9	+0.9
Hunter Douglas	18.4	+0.4
Int-Muller	27	+0.2
KLM	154	+3.5
Naarde'n	41.5	+1.1
Nat Ned Cert.	145	—10
Ned Cred Bank	32.5	—0.7
Ned Mid Bank	142.5	
Nedlloyd	93	+2.5
Oce Grinten	206	—0.2
Ommeren (Van)	29	+1.1
Pakhoed	57.1	—0.1
Philips	49.5	+1
Rijn-Schelde	4.3	
Robeco	317.5	+0.8
Rodamco	127.2	
Rolinco	309.5	+1.6
Rorento	192.6	+0.9
Royal Dutch	140.7	+1.1
Unilever	224.5	+4
VMF Stork	73.5	+1
VNU	107.5	
West Utr Bank	110.7	+0.7

NORWAY

Sept. 12	Price Kroner	+ or —
Bergens Bank	115	+1
Borregaard	176	—1
Christiania Bk	122	+1
Creditbank	128.5	+1
Elkem	112	
Norsk Data	285	+5
Norsk Hydro	540	+12
Storebrand	166	—5

SPAIN

Sept. 8	Price Peseta	+ or —
Bco Bilbao	221	+3
Bco Central	256	
Bco Exterior	202	
Bco Hispano	206	+2
Bco Santander	226	+1
Bco Vizcaya	295	+3
Dragados	116	
Hidrola	48.5	+0.5
Iberduero	40.5	—0.2
Petroleos	84.5	+1.5
Telefonica	85.2	+0.7

SWEDEN

AUSTRALIA

Sept. 12	Price Aust. $	+ or —
ANZ Group	5.5	+0.2
Acrow Aust.	1.25	
A.O.D.	1.13	+0.01
Ampol Pet.	2.02	+0.02
Assoc Pulp Pap.	1.85$	
Aust Cons Ind.	1.55	—0.05
Aust. Guarant.	2.35	
Aust. Nat. Inds.	2.8	+0.05
Aust. Paper	2.3	+0.04
Bond Hldgs.	1.38	+0.03
Boral	5.35	
Bl'ville Copper	2.82	+0.02
Brambles Inds.	2.9	—0.01
Bridge Oil	3.6	+0.05
BHP	12.7	+0.17
CRA	6.3	+0.1
CSR	4.42	+0.11
Carlton & Utd.	3.05	
Castlemaine Tys.	4	
Coles (G.J.)	3.56	
Comalco	3.45	+0.05
Consolidated Pet	0.55	+0.03
Costain	1.5	
Dunlop	1.26	-0.02
E.Z. Ind.	6.3	
Elders IXL	4.42	+0.02
Energy Res.	2	
Gen Prop Trust	1.74	+0.02
Griffin Coal	6.5	
Hardie (J.)	4.05	-0.05
Hartogen Energy	3.35	-0.35
Herald W'y Times	2.8	-0.12
ICI Aust.	2.04	—0.11
Jimb'lana (50cFP	0.35	
Kia Ora Gold	0.29	+0.03
Lend Lease	4.98	—0.02
MIM	4.48	-0.02
Mayne Nikless	2.92	-0.02
Meekatharra Ms	1.35	
Myer Emp.	1.85	+0.03
Nat. Aus. Bk.	3.25	—0.2
News	9.4	
Nicholas Kiwi	2.8	
North Bkn Hill	3.45	+0.05
Oakbridge	1.35	+0.03
Otter Expl.	0.85	
Pancon	1.82	+0.07
Pioneer Conc.	1.85	+0.04
Reckitt & Coln	2.45	
Repco	1.24	
Santos	6.76	+0.26
Smith (H.)	4.15	
Southland Min'g.	0.37	—0.02
Spargos Expl	0.76	+0.12
Shos Natwide	1.98	-0.22
Tooth	4.18	+0.05
UMAL Cons	2.3	— 0.05
Vamgas	4.4	+0.2
Western Mining	4.88	
Westpac	3.38	+0.08
Woodside Petrol.	1.65	+0.08
Woolworths	2.65	—0.02
Wormald Intl	3.1	—0.15

HONG KONG

Sept. 12	Price H.K.$	+ or —
Bank East Asia	27.2	
Carrian Invest.	0.87	
Cheung Kong	7.05	—0.15
China Light	14.4	-0.3
Hang Lung Devel.	3.10	
Hang Seng Bank	40.0	—0.5
HK Electric	5.6	
HK Kowloon Wh.	3.65	+0.05
HK Land	3.35	
HK Shanghai Bk.	7.3xd	
HK Telephone	36	—0.5

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Sep 12	Sep 5	Sep 2	Sep 1	Aug 31	Aug 30	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1229.87	1215.45	1215.45	1206.81	1216.16	1199.84	1248.3 (16/6)	174.39 (11/8)	1248.3 (16/6/83)	41.22 (2/7/32)
Transport	566.15	558.94	558.94	553.32	548.58	538.21	589.29 (24/6)	434.24 (3/1)	589.29 (24/6/83)	12.23 (8/7/32)
Utilities	132.23	138.11	138.11	129.87	129.53	130.86	132.9 (26/7)	119.46 (3/1)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's†	11492	5930	5930	7612	8080	6237	-	-	-	-

	Aug 19	Aug 12	Aug 5	(Year Ago Approx)
Ind div yield %	4.65	4.68	4.68	6.43

STANDARD AND POORS

	Sep 12	Sep 5	Sep 2	Sep 1	Aug 31	Aug 30	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	186.52	186.39	186.39	185.42	185.56	183.4	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	165.48	165.8	166.0	164.23	164.4	162.58	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Aug 24	Aug 17	Aug 10	Year Ago (Approx)
Ind div yield %	4.86	3.95	4.85	5.45
Ind. P/E Ratio	14.02	14.39	14.04	8.28
Long Gov Bond Yield	11.40	11.43	11.98	11.92

N.Y.S.E. ALL COMMON

Sep 12	Sep 5	Sep 2	Sep 1	1983 High	1983 Low
-	..	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Sep 12	Sep 5	Sep 2
Issues traded	1982	1881	1881
Rises	788	917	917
Falls	832	541	541
Unchanged	378	423	423

MONTREAL

	Sep 12	Sep 5	Sep 2	Sep 1	1983 High	1983 Low
Industrials	468.33	450.2	450.2	444.34	493.88(5/9)	329.12(4/1)
Combined	432.46	422.29	422.29	418.32	422.29(2/9)	319.4(5/5)
TORONTO Composite	2575.4	2512.3	2512.3	2581.7	2517.7(27/7)	1949.8(4/1)

U.S. INDICES: VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Sept. 12	Sept. 9	Sept. 8	Sept. 7	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	756.7	750.5	729.8	725.1	756.7 (12/9)	487.8 (4/1)
Metals & Mnls. (1/1/80)	615.5	609.2	608.0	607.5	614.2 (5/9)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	55.15	55.27	55.19	55.26	59.6 (5/5)	49.48 (15/2)
BELGIUM Belgian SE (31/12/63)	135.14	133.28	135.71	133.14	134.45 (1/8)	100.56 (4/1)
DENMARK Copenhagen SE (3/1/83)	(u)	198.85	198.74	199.96	199.96 (6/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	155.2	154.7	154.9	155.2	137.7 (25/8)	96.1 (3/1)
Ind Tendance (31/12/82)	144.6	143.7	143.4	145.7	146.5 (24/8)	98.8 (5/1)
GERMANY FAZ-Aktien (31/12/58)	312.85	311.46	315.55	312.94	331.86 (7/7)	241.88 (28/1)
Commerzbank Dec1953	926.8	924.8	931.5	928.4	986.3 (7/7)	727.6 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	910.92	(c)	922.75	938.87	1102.64 (21/7)	761.61 (4/1)
ITALY Banca Comm Ital. (1972)	199.81	198.95	199.18	200.67	214.95 (21/6)	150.46 (10/1)
JAPAN** Dow Average (16/5/49)	9555.15	9504.01	9532.47	9555.66	9566.68 (7/9)	7803.18 (25/1)
Tokyo New SE (4/1/68)	687.66	684.6	686.52	688.58	688.55 (7/9)	574.61 (25/1)
NETHERLANDS ANP-CBS General (1970)	140.5	139.3	140.0	139.4	143.4 (22/8)	100.1 (4/1)
ANP-CBS Indust (1970)	112.6	112.0	112.5	111.8	116.5 (22/8)	85.5 (4/1)
NORWAY Oslo SE (4/1/83)	211.58	209.46	209.84	210.99	214.45 (18/8)	99.01 (4/1)
SINGAPORE Straights Times (1966)	974.70	967.26	972.04	974.11	992.82 (25/8)	712.28 (5/1)
SOUTH AFRICA Gold (1958)	(u)	967.9	964.4	960.5	1099.5 (1/2)	694.5 (28.3)
Industrial (1958)	(u)	945.0	946.0	942.9	968.7 (28/6)	740.9 (3/1)
SPAIN Madrid SE (31/12/82)	(c)	(c)	114.29	115.57	120.92 (15/7)	98.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	(u)	1491.16	1515.41	1522.66	1528.60 (6/9)	896.16 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	338.2	337.0	337.5	340.7	347.8 (4/8)	294.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	180.1	180.7	180.6	182.7 (22/6)	154.3 (3/1)

(**) Saturday Sept. 10: Japan Dow (c) TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

U.S. money figures spur Gilts which hold sharp gains despite new Government funding

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24

*" New-time " dealings may take place from 9.30 am two business days earlier.

Government securities surged higher to dominate London stock markets at the expense of leading shares, the latter looking dismal in comparison by showing a progressive retreat from markedly higher starting values. The cause of London's early ebullience was the latest set of U.S. *money supply* statistics. For the second week running, U.S. financial markets were caught out by another sharp contraction in money growth which sent U.S. bond values soaring after the Wall Street close last Friday.

Gilt-edged stocks replied with equal fervour. Domestic and overseas investors scenting lower international interest rates vied to obtain stock in markets free of official tap following the sell-out early yesterday of remaining supplies of the £300m tranche of Treasury 12 per cent 1995. Later in the session, quotations edged away from the highest and, to the surprise of many, new Government funding was announced at the official, 3.30 pm close.

This took the shape of £1bn short-dated Treasury 10 per cent 1987, payable £20 on application this Thursday at a minimum tender price of £97. When dealings resumed after the customary recess, quotations fluctuated narrowly and finally improved slightly on the 3.30 pm levels. Measuring the all-round strength of Gilts, the FT Government Securities index rose 0.84—its biggest day's gain since April 11—to 80.82.

Dealers opened leading industrials sharply higher on the assumption that Wall Street would respond strongly to the U.S. monetary developments, which it did early yesterday by jumping 20 points to an all-time record. Investors in London showed interest in secondary equities, in which several sizeable put-throughs were effected, but ignored most top-quality stocks.

A downdrift soon ensued in markets clouded again by Government BP share-sale possibilities and also overshadowed by the revived activity in Gilts. At the end of the day, five constituents of the FT Industrial Ordinary share index, which began nearly 10 points up but closed only a net three points better at 707.9, actually settled lower on balance. These included **GEC, Blue Circle** and **Bowater.**

Barclays better

Restrained lately by revived fears that the Chancellor might impose a windfall profits tax, the major clearing banks took a turn for the better as buyers reappeared. **Barclays** led the advance with a rise of 17 to 495p, while **Lloyds** put on 15 to 510p as did **NatWest,** to 615p. **Midland,** however, were neglected and finished a couple of pence cheaper at 430p. Discounts moved higher in places in sympathy with gilts; **Union** added 15 at 565p. Cheaper money hopes also left **Moorgate Mercantile** 2½ dearer at 31½p and **Baltic Leasing** 7 higher at 215p.

Quietly dull conditions prevailed among Life Insurances with sentiment still soured by **Prudential's** disappointing interim statement. Pru cheapened a couple of pence more to 440p. *Among Lloyds Brokers,* **Willis Faber** lost 5 at 538p; the first-half results are due today.

Scottish and Newcastle continued to respond to the Edinburgh rationalisation proposals with a further rise of 2½ to 93p. Other leading Breweries traded quietly. **Bass,** 2 cheaper at 331p, failed to benefit from the £18.2m bingo chain deal with **Thorn EMI.** Elsewhere, **Invergordon** fell 7 to 143p following disappointing interim profits.

Leading Buildings failed to consolidate after a promising start. **Blue Circle,** up to 431p earlier, drifted back in the absence of follow-through support to close 8 down on balance at 420p. **RMC** ended a couple of pence easier at 341p, after 345p, and **Tarmac** closed the same amount off at 398p, after 404p, the latter not helped by rumours that a line of stock was overhanging the market. **London Brick** contrasted and put on 3 to a 1983 peak of 93p as dawn-raid rumours resurfaced. Outside of the leaders, **A. Monk** firmed 5 to 121p, after 123p, on Press suggestions that Davy Corporation may launch a full-scale bid for the company, while **Brown and Jackson** put on 4 to a year's high of 24p following the agreed sale of a substantial part of its property developments by way of a management buy-out. **Edward Jones** gained 3 more to 29p; last week, Centreway Industries sold its 23.7 per cent stake in the company to two private individuals. **Marchwiel** hardened a couple of pence to 210p awaiting today's half-timer, while **Bellway** attracted scattered support and firmed 5 to 115p. **Blockleys** closed 5 cheaper on balance at 325p, after 335p, the increased interim profits and the Board's confident statement having been discounted.

Wall Street's early burst of strength failed to stimulate **ICI** which, having opened 10 higher at 538p in line with other equity leaders, drifted back to close just 2 dearer on balance at 530p. The chairman's confident statement about the full-year outcome that accompanied the interim results prompted support for **Wolstenholme Rink** which gained 10 to 113p.

Leading Stores made small progress in thin trading. Elsewhere, **Harris Queensway** rose 8 more to 292p on further buying ahead of the interim figures scheduled for September 29. **Cantors " A,"** at 67p, recorded a Press-inspired rise of 8, while **Steinberg** attracted speculative support and ended 7 to the good at 142p. **S and U** improved 2 to 25p on an investment recommendation.

Thorn EMI rally

The Electrical majors regained some composure after Friday's shake-out caused by the chairman of Thorn EMI's cautious view of second-half prospects at the AGM. Having fallen 30 on Friday, **Thorn EMI** rallied to touch 600p before closing a net 6 better on balance at 598p. **GEC,** which also had to contend with an uninspiring report from its chairman on the same day, recovered to 202p but ended a couple of pence off on balance at 198p. **Plessey** improved further on hopes of navy radar contracts but failed to hold the day's best level, closing only a penny better at 205p, after 210p. Elsewhere, **Breville Europe** stood out with a rise of 7 to 41p in response to annual profits which proved much better than pessimistic forecasts. Ahead of interim statements scheduled for tomorrow, **Air Call** firmed 5 to 340p and **George H. Scholes** rose 10 to 470p. **Highland** jumped 11 to 76p following revived speculative buying and **Lec Refrigeration** advanced 13 to 268p.

GKN closed a couple of pence dearer at 178p among otherwise little-changed leading Engineers. Elsewhere, **Whessoe,** firm recently on Press mention, closed 6 down at 124p. Adverse Press mention prompted a fall of 2½ to 25½p in **W. E. Norton.**

Foods displayed scattered gains. **J. Sainsbury** hardened a couple of pence to a peak of 427p. The lower preliminary profits and reduced dividend left **Chambers and Fargus** a penny easier at 30p.

Garfunkels Restaurants were again in demand and gained 9 to a fresh peak of 162p, while **De Vere Hotels** firmed 5 to 260p as bid rumours lingered.

S. Pearson prominent

S. Pearson emerged as a prominent firm feature in miscellaneous industrials, responding to the better-than-expected interim results with a jump of 22 to 354p. Renewed speculative buying on bid hopes helped **Royal Worcester** to rise 30 to 275p. **British Aerospace** put on 3 to 175p awaiting today's first-half results, while **Sangers** gained 2 to 48p following an investment recommendation and **W. Canning** closed a couple of pence dearer at 82p after the interim statement. Awaiting Thursday's mid-term report, **Associated British Ports** hardened 3 to 193p but cautious Press comment after the recent good rise left **Inter-City Investment** 6 lower at 81p, after 80p.

BTR stood out among the leaders with a rise of 6 to 532p, after 534p, on buying in front of today's interim results. **Bowater,** which also reports half-yearly figures today, cheapened 4 to 206p. Still unsettled by the chairman's AGM statement, **Pilkington,** down 12 on Friday, softened a penny further to 227p.

Trading statements provided a little colour in an otherwise lifeless Motor sector. The increased interim profits and the chairman's confident statement left **C. D. Bramall** a penny firmer at 162p, after 164p, while the first-half profits recovery helped **H. & J. Quick** to improve 2 to 48p.

Among Paper/Printings, **Jefferson Smurfit** firmed 4 to 116p following weekend Press comment. **Bemrose** touched 209p before closing 3 dearer on balance at 206p following the interim results and the chairman's confident statement about second-half prospects.

Interest rates hopes continued to buoy Properties, but most issues closed a shade below the best. **Land Securities** finished 3 dearer at 317p, as did **MEPC,** at 216p, while **Slough Estates** firmed 2 to 111p. Press comment stimulated interest in **Samuel,** 3 better at 117p, while **Brixton Estate,** interim results due today, improved 2 to 111p. *Westminster* **Property** jumped 13 to 33p on the weekend announcement that Mr Jim Raper's Milbury is to offer 35½p per share for the outstanding shares.

Carpet shares encountered occasional buying interest, **Shaw** improving 2½ to 38p and **Tomkinsons** a couple of pence to 177p, but little else worthy of note emerged in the Textiles sector. Tobaccos were inclined harder.

Overseas Trusts showed to advantage. **GT Japan** were firm again at 599p, up 6, following the figures and proposed four-for-one scrip issue. **Fleming American** closed similarly dearer at 382p and **Edinburgh American** gained 5 to 203p. Among Financials, **Exco** were quoted ex rights at 520p with the new shares at 82p premium.

Irish oils down

Sellers gained the upper hand in the speculative Irish sea oil shares. **Atlantic Resources** touched 355p before settling 30 lower on the day at 370p, while **Eglinton** finished 35 off at 275p, after 265p. Leading Oils closed on a slightly firmer bias, but with the Government sale of BP shares thought to be imminent trading was subdued. **BP** settled a couple of pence dearer at 436p, while **Shell,** due to report interim figures on Thursday, improved 6 to 630p.

Golds race ahead

The two major sectors of mining markets made a high-powered start to the week. Numerous Australian issues moved ahead to their best levels this year and South African Golds approached the 700 point mark on the FT Gold Mines index, a level last seen seven months ago when bullion was trading above $500 an ounce.

The speculative Australian gold issues held the limelight in " Down-under " markets and continued to race ahead in London spurred on by various rumours concerning gold discoveries.

Prominent among these stocks were **Spargos Exploration,** which followed last Friday's jump of 11 with a further improvement of 7 to 43p.

Spargos' associate **Queen Margaret** added 4 at 27p while **Valiant** rose 5 to 32½p.

Other gold speculatives to go ahead included **Otter,** 5 firmer at 52p, recent high-flyer **Metana,** which put on 6 more at 187p, and **Sons of Gwalia,** which jumped 7 to 55p. **Ivanhoe Gold** hardened a penny to a 1983 high of 20p.

The top-quality Australian golds provided features in **Poseidon,** which gained 23 to 378p and **Gold Mines of Kalgoorlie,** 5 to the good at 770p. **North Kalgurli** edged up 3 to 85p, while **Whim Creek** advanced 12 to a 1983 high of 200p.

Leading Australian base-metal producers drew strength from the initial gains on Wall Street. **CRA** moved up 12 to a year's high of 372p, **North Broken Hill** added 9 at a high of 201p and **MIM** hardened to 264p. **Peko-Wallsend** held at 444p following the increased bid for Robe River.

South African Golds made further solid progress but closed below the day's best as bullion retreated an initial $417 to close a net 25 cents easier at $414.375 an ounce amid rumours concerning Brazil's debt repayment problems.

The Gold Mines index rose 3.5 to 694.5 — its best level since February 21.

Outstanding performances among heavyweights included **Winkelhaak,** which rose ¾ to a 1983 high of £35¼ still boosted by the recent good dividend payment, while 1983 highs were also seen in **Harmony,** £17¾, **Southvaal,** £47½ and **Vaal Reefs,** £88¼, all of which showed gains of around ½.

Financials were highlighted by " **Amgold** " which added ¾ at a year's best of £88¾ while London issues showed **Gold Fields** 3 cheaper at 605p ahead of today's full-year results. **RTZ** were 6 higher at 658p; interim figures are due on September 21.

A firm Platinums sector showed **Rustenburg** 20 up at a high of 870p following persistent support from the Continent, most notably from West Germany.

The volume of business in the Traded Options market remained disappointingly low. Only 1,167 contracts were completed, comprising 638 calls and 529 puts. Marks and Spencer, half-yearly figures next month, attracted 255 deals—165 being puts in the January 200 series.

FINANCIAL TIMES STOCK INDICES

	Sept. 12	Sept. 9	Sept. 8	Sept. 7	Sept. 6	Sept. 5	year ago
Government Secs. ...	80.82	79.98	79.97	79.93	79.71	79.63	77.43
Fixed Interest.........	83.08	82.42	82.38	82.32	82.24	82.16	78.56
Industrial Ord........	707.9	704.9	713.6	712.4	714.6	713.2	571.6
Gold Mines............	694.5	691.0	683.6	684.5	685.5	682.3	352.9
Ord. Div. Yield.........	4.82	4.83	4.76	4.76	4.74	4.74	5.12
Earnings, Yld.% (full)	9.62	9.65	9.51	9.56	9.55	9.56	11.15
P/E Ratio (net) (*).....	12.96	12.92	13.11	13.02	13.04	13.02	10.80
Total bargains.	19,184	18,020	18,730	18,220	17,816	20,003	18,204
Equity turnover £m.	—	190.52	213.00	253.76	214.54	143.82	120.11
Equity bargains.......	—	14,476	14,927	15,536	16,165	16,851	12,805
Shares traded (ml)...	—	121.3	127.3	221.5	123.7	104.9	73.6

10 am 714.5. 11 am 712.2. Noon 711.2. 1 pm 710.4. 2 pm 709.9. 3 pm 709.2.

Basis 100 Govt. Secs. 16/10/26 Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.22.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.....	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord......	740.4 (22/6)	598.4 (12/1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines..	784.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 9	Sept. 8
—Daily		
Gilt Edged Bargains...	137.5	136.2
Equities Bargains...	93.8	96.7
Value	365.1	430.5
5-day Avrge		
Gilt-Edged Bargains...	142.1	137.4
Equities Bargains	101.6	108.0
Value.........	410.6	418.2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	100	—	—
Corpns. Dom. and Foreign Bonds ...	42	—	36
Industrials	289	200	883
Financial and Prop.	175	51	291
Oils	29	23	60
Plantations	2	1	18
Mines	58	26	80
Others	36	91	62
Totals	731	392	1,430

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Anglo Amer. Gold......	£88⅞	+ ⅞
Aran Energy	46	− 1
Atlantic Res.	370	−30
Blue Circle	420	− 8
Breville Europe	41	+ 7
Cons. Gold Fields......	605	− 3
Eglinton Oil & Gas ...	275	−35
Grand Met.	320	+ 4
ICI	530	+ 2
Inter-City Inv.	81	− 6
Pearson (S.)	354	+22
Plessey	205	+ 1

Based on bargains recorded in Stock Exchange Official List.

FRIDAY'S ACTIVE STOCKS

Stock	No. of changes	Fri. close	Day's change
Thorn EMI......	22	592	−30
GEC	19	200	−11
Glaxo	17	775	−20
Prudential	14	442	−22
Pilkington Brs.	13	228	−12
Plessey	13	204	+ 4
Sunlight Serv.	13	240	+15
Hepworth Crmc	12	131	− 5
Unilever	12	790	+10
BSR Intl..........	11	165	−10
BTR	11	526	− 4
Euro. Ferries...	11	77½	− ½
Inter-City Inv.	11	87	− 6
ICI	10	528	− 6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Mon Sept 12 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Sept 9 Index No.	Thurs Sept 8 Index No.	Wed Sept 7 Index No.	Tues Sept 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	458.48	−0.1	8.98	3.81	14.48	459.82	464.71	463.38	463.58	420.22
2	Building Materials (23)	421.94	+0.2	10.77	4.76	11.65	421.08	426.66	427.08	425.39	337.67
3	Contracting, Construction (30)	729.85	+0.4	12.20	4.72	10.18	726.87	731.05	751.42	719.86	633.24
4	Electricals (36)	1692.39	−0.7	7.80	2.24	16.60	1703.97	1737.08	1728.95	1727.85	1729.95
5	Engineering Contractors (10)	465.90	—	14.43	5.97	8.61	466.00	464.32	468.26	469.52	478.28
6	Mechanical Engineering (64)	199.96	+0.2	11.90	5.55	10.53	199.51	199.73	200.19	200.56	202.17
8	Metals and Metal Forming (10)	174.71	+0.2	10.84	6.71	11.16	174.40	175.89	174.43	176.35	145.90
9	Motors (18)	114.82	−0.1	—	4.99	—	114.96	115.30	116.28	117.05	78.60
10	Other Industrial Materials (16)	531.62	+0.6	5.49	4.16	24.05	528.70	532.87	536.39	535.54	349.38
21	CONSUMER GROUP (199)	431.43	+0.4	10.46	4.50	11.71	429.65	434.20	434.48	435.53	346.71
22	Brewers and Distillers (23)	445.63	+0.7	12.56	5.10	9.94	442.59	447.13	447.95	450.15	382.52
25	Food Manufacturing (22)	338.20	+0.4	13.31	5.89	8.79	337.01	337.12	335.67	334.08	291.64
26	Food Retailing (13)	963.25	+0.5	6.98	2.64	18.53	958.14	967.32	961.52	955.00	747.48
27	Health and Household Products (8)	761.12	—	5.81	2.83	20.43	761.39	774.93	779.33	788.66	531.08
29	Leisure (22)	573.22	+0.3	8.86	4.75	14.56	571.45	579.74	579.47	579.30	426.17
32	Newspapers, Publishing (14)	996.72	−0.3	8.22	4.53	14.85	999.55	998.13	999.60	1003.55	520.18
33	Packaging and Paper (14)	188.30	−0.4	11.81	5.38	10.28	188.99	189.08	189.50	188.80	137.74
34	Stores (48)	386.34	+0.6	8.18	3.85	16.58	384.08	390.68	388.91	389.60	319.57
35	Textiles (22)	212.65	+0.2	11.75	5.40	10.16	212.32	212.11	211.97	212.65	159.54
36	Tobaccos (3)	411.16	+1.1	24.08	7.56	4.65	406.83	408.81	416.93	420.89	394.56
39	Other Consumer (10)	433.46	−0.4	5.57	4.74	—	435.05	430.86	430.77	432.74	276.85
41	OTHER GROUPS (79)	386.85	+0.1	8.12	4.42	15.58	386.51	388.79	387.58	388.60	262.68
42	Chemicals (15)	530.11	+0.3	8.53	4.77	15.35	528.39	533.78	534.64	539.56	344.47
44	Office Equipment (6)	112.32	−0.3	8.54	4.57	14.95	112.70	112.58	113.53	111.47	103.30
45	Shipping and Transport (15)	734.15	+0.5	7.16	5.57	19.58	730.29	726.02	715.90	711.23	548.67
46	Miscellaneous (43)	525.33	−0.2	7.93	3.84	15.15	526.25	529.15	525.66	526.45	351.35
49	INDUSTRIAL GROUP (485)	437.80	+0.2	9.58	4.26	13.05	437.01	441.59	441.04	441.88	359.89
51	Oils (15)	1042.75	+0.6	10.80	5.68	11.24	1036.85	1048.84	1033.31	1056.10	728.61
59	500 SHARE INDEX	488.65	+0.3	9.80	4.52	12.67	487.42	492.62	490.80	491.80	390.07
61	FINANCIAL GROUP (123)	331.95	+0.7	—	5.75	—	329.48	331.82	333.48	333.77	251.24
62	Banks (6)	359.51	+2.3	23.78	7.09	4.59	351.52	349.48	349.76	347.08	257.51
63	Discount Houses (8)	303.24	+1.6	—	8.93	—	298.36	295.92	295.02	297.42	281.22
65	Insurance (Life) (9)	461.39	−0.2	—	4.82	—	462.53	472.87	487.65	489.84	292.67
66	Insurance (Composite) (10)	218.84	+0.3	—	6.97	—	218.21	222.55	224.46	225.26	163.58
67	Insurance Brokers (7)	544.94	−0.4	12.16	5.30	11.37	547.05	553.77	557.46	560.91	507.49
68	Merchant Banks (13)	283.26	—	—	4.48	—	283.22	283.91	283.96	285.21	140.96
69	Property (53)	465.86	+0.8	6.08	4.01	22.87	462.18	457.38	457.94	461.01	421.18
70	Other Financial (17)	240.86	+0.2	11.91	5.55	10.09	240.47	240.45	240.17	238.73	163.60
71	Investment Trusts (108)	451.40	+0.7	—	3.92	—	448.07	448.47	446.51	443.38	314.51
81	Mining Finance (4)	321.67	+0.4	5.80	4.54	22.12	320.26	322.79	322.41	327.91	219.09
91	Overseas Traders (15)	499.72	+0.2	7.21	7.49	21.26	498.68	500.28	497.22	494.61	364.02
99	ALL-SHARE INDEX (750)	451.86	+0.4	—	4.72	—	450.21	454.25	453.38	454.11	353.27

FIXED INTEREST

	PRICE INDICES	Mon Sept 12	Day's change %	Fri Sept 9	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.16	+0.63	116.43	—	7.65
2	5-15 years	129.05	+1.28	127.43	—	9.39
3	Over 15 years	138.54	+1.55	136.42	—	10.29
4	Irredeemables	148.94	+1.52	146.70	—	8.90
5	All Stocks	128.09	+1.15	126.63	—	9.04
6	Debentures and Loans	103.56	+0.88	102.65	—	7.41
7	Preference	76.70	+0.29	76.48	—	5.01

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 12	Fri Sept 9	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.98	10.09	9.21
2		15 years	10.32	10.52	10.81
3		25 years	9.96	10.15	10.98
4	Medium Coupons	5 years	11.48	11.76	11.70
5		15 years	10.98	11.19	117.85
6		25 years	10.35	10.57	11.27
7	High Coupons	5 years	11.54	11.81	11.78
8		15 years	11.20	11.40	12.03
9		25 years	10.47	10.69	11.45
10	Irredeemables†		9.95	10.10	10.88
11	Debs & Loans	5 years	12.26	12.41	12.71
12		15 years	12.14	12.28	12.72
13		25 years	12.06	12.19	12.72
14	Preference†		12.86	12.90	13.52

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. CONSTITUENT CHANGES: Huntleigh Group (10) and Broadstone Inv. Trust (71) have been deleted and replaced by Oceonics Group (4) and London Inv Trust (70). NAME CHANGE: Town and City Properties is now Sterling Guarantee Trust [illegible]

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	14.9	152	130	✣Aaronite Group	145	+2	bd2.5	2.2	2.6	20.4
¶¶	F.P.	—	160	126	Assoc. Telecom	126	−11	b2.0	3.1	2.3	20.1
§50	F.P.	4.8	127	93	✣Biomechanics I'tl 10p	105		—	—	—	—
¶200	F.P.	26.8	250	200	DPCE Hldgs 5p	237		b2.0	3.6	1.2	31.1
¶¶	F.P.	—	325	160	Dollonds Photo 12½p	255		—	—	—	—
§100	F.P.	5.8	120	110	✣Gee (C.) 10p	119		u2.1	2.8	2.5	22.6
¶190	F.P.	12.8	204	180	Gent (S.R.) 10p	186	−2	b5.0	3.1	3.5	15.3
§17½	F.P.	12.8	24	20	✣GilbertH'useInvs10p	22		—	—	—	—
375	F.P.	5.8	372	332	Henderson Admin.	332		u6.0	2.9	2.6	18.9
¶125	F.P.	23.9	166	154	Int. Signal & Control A	166		uQ2c	4.0	0.8	30.8
¶¶	F.P.	—	72	56	Ivory & Sime 0.1p	65	−5	u0.25	11.8	0.6	22.0
§190	F.P.	15.8	235	185	✣Invent Energy	227		—	—	—	—
§115	F.P.	5.8	123	106	✣KLP Group 5p	115		g1.6	2.7	2.0	23.3
≡	F.P.	5.9	31	25	✣Metal Sciences 2½p	31		—	—	—	—
95	F.P.	12.8	94	88	Park Food 10p	90	+1	u3.0	2.0	4.8	15.5
§210	F.P.	9.9	214	195	Peel Hldgs	195		bd7.35	1.2	5.3	23.6
¶¶	F.P.	—	34	32	P'sonal AssetsTst 12½p	34		—	—	—	—
§111	F.P.	26.8	254	165	✣P'lyt'chnicM'rine5p	252		ud2.0	1.8	1.1	—
§25	F.P.	9.9	31	26	✣Promotions H'se 5p	30		b0.7	1.0	3.3	21.4
¶205	F.P.	4.8	254	195	✣Rayford Supreme	242		b4.9	7.0	2.9	12.4
§148	F.P.	2.9	190	168	✣*Real Time C'trol 5p*	185	−2	u2.0	3.0	1.5	31.2
85	F.P.	16.9	120	97	✣SCUSA Inc. $0.01.	104		b0.015c	4.4	1.0	23.6
¶85	F.P.	19.8	93	89	✣Sthn. Bus. Leas.10p	87		bq1.75	3.2	2.9	15.1
10	F.P.	24.6	18½	14	✣Sunleigh Elect. 10p	17		g0.85	1.8	2.9	17.3
100	F.P.	2.9	85	78	✣Tech. for Bus. 10p	83		b4.2	6.0	7.2	11.5
88	F.P.	15.9	90	85	✣Thermal Scientific.	88		b2.3	2.8	3.7	13.8
¶	F.P.	23.9	19	16	Yorks&Lancs Inv. W's	19	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
92.96	£26	29/11	25¾	22	Allied-Lyons 11½% Deb 2009	25¾	+1
¶¶	F.P.	—	129	107	Atlantic Met'n (UK) 12% UL 91 97	107	
—	£20	28/10	23¾	18	Bristol 11½% Red. 2000	22	+1¼
96.95	£25	21/10	25¾	22½	C.C.C. Economic 12½% Gtd. Ln. 2015	25¾	+1
[illegible]							

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Φ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a " rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✣ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (100)

BRITISH FUNDS (6)
CORPORATION LOANS (2)
COM'WEALTH & AFRICAN LOANS (1)
AMERICANS (2)
BANKS (4)
BUILDINGS (6)
STORES (3)
ELECTRICALS (2)
ENGINEERING (2)
FOODS (2)
HOTELS (1)
INDUSTRIALS (13)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (2)
PAPER (4)
SHIPPING (2)
SHOES (1)
TEXTILES (3)
TRUSTS (26)
OILS (2)
MINES (14)

NEW LOWS (6)

BREWERS (1)
Invergordon
STORES (1)
Menzies (J.)
ELECTRICALS (1)
Immed. Bus. Systems
INDUSTRIALS (1)
Moben Group
NEWSPAPERS (1)
Sharpe (W. N.)
MINES (1)
Admiral Mines

OPTIONS

Stocks to attract money for the call included **Mettoy, Polly Peck, Milford Docks, Youghal Carpets, Woodside, Standard Industrial Group, Premier Consolidated, Tricentrol, Fleet Holdings, London and Liverpool, Garfunkels, Celtic Haven, Humphries Holdings, Hoover** and **First National Finance.** Puts were arranged in **Applied Computer Techniques (ACT)** and **AE,** while double options were transacted in **Hestair, Inter-City** and **ACT.**

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 13,059

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*436)						
300	138	—	—	1½	—	—
330	108	—	—	2	—	—
360	78	84	—	2	5	—
390	50	58	66	4	10	12
420	26	36	42	12	18	26
460	6	15	24	35	40	46
[illegible]						

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*499)						
460	45	60	72	10	15	22
500	20	35	45	25	30	37
550	4	14	25	57	62	70
Imperial Group (*115)						
110	8	13	16	3	6	8
[illegible]						

Sept. 12 Total Contracts 1,167 Calls 638 Puts 529

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red
"Shorts" (Lives up to Five Years)						
102	100	Exch. 13¾pc '83	100⅝	−	13.42	9.57
100	98	Exch 10pc 1983	100	−	9.99	9.28
99¼	96¼	Funding 5½pc '82-84	99¼	−¼	5.54	7.62
101¼	99½	Exch 11¼pc 1984	100⅞	−⅛	11.15	9.15
104⅞	102⅛	Exchequer 14pc 1984	102⅝	−	13.64	9.81
95	92½	Exch. 3pc 1984	95⅝	+¼	3.15	9.33
102	100	Treasury 12pc 1984	101xd	+	11.77	9.98
107	104	Treasury 15pc 1985	105⅞	−¼	14.17	10.44
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red
101	94¾	Aust 6pc 1981-83	101	+¼	6.03	8.39
78¾	74¾	N.Z. 7¼pc 1988-92	78xd	+¼	9.45	11.51
92¾	88¾	Do. 7½pc '83-86	91xd	+¼	8.40	12.13
181	158	S. Rhod. 2½pc Non-Ass	181		—	—
86	74	Do. 3½pc 80-85 Asstd	82		4.35	14.80
57	43	Do. 4½pc 87-92 Asstd.	54		8.36	13.90
395	321	Zimbabwe Ann (£100pa)	384		—	15.38

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
310	190	ANZ $A1	310	+15	028c	3.1	5.2	8.2
295	235	Alexanders D. £1	240	+2	20.0	—	11.9	—
£93	£66	Algemene Fl 100	£82		Q26%	1.8	7.0	7.9
157	89	Allied Irish	138		Q49%	4.2	6.9	4.7
110	77	Ansbacher (H.) 50p	85		3.5	—	5.9	—
275	170	Bk. Ireland £1	245		Q24.9	—	7.9	—
3½	1½	Bank Leumi	1⅞		—	—	—	—
170	130	Bk. Leumi (UK) £1	160		10.15	—	9.1	—
525	420	Bank Scotland £1	488	−10	24.0	3.6	7.0	4.3
534	385	Barclays £1	495	+17	†22.0	3.6	6.4	4.9
310	235	Brown Shipley £1	305		7.75	—	3.6	—
410	315	Cater Allen £1	360	+5	26.95	—	10.7	—

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
212	158	[illegible]	212	+2	4.2	2.2	2.9	23.0
208	165	Jackson Bourne	200		5.0	♦	3.6	♦
34½	19	James Inds. 10p	33½	−1	1.25	1.5	5.3	18.3
160	99	Jardine M HK$5	106	−2	Q80c	2.1	7.3	16.8
52	38	Jenks & Cattell	50		1.06	0.5	3.0	(41.4)
348	282	Johnson Clns.	310xd		110.8	2.8	5.0	8.7
340	265	Johnson Mthy. £1	268	−2	10.0	2.0	5.3	(11.2)
385	228	Johnson Grp. 10p	375		6.0	5.0	2.3	12.6
102	87	Jourdan (T.) 10p	96		5.6	1.2	8.3	13.3
64	39	Kalamazoo 10p	57		2.5	0.9	6.3	25.5
60	55	♦Kean & Scott Hldgs.	49xd	+1	hM1.0	—	2.1	—
23	9¾	Keep Trust 5p	13	+¼	0.15	—	0.2	—
210	140	Kelsey Inds.	183		8.0	1.7	6.2	12.6
155	110	Kershaw (A.) 5p	145		‡15.0	0.6	†	(12.2)
67	39	Kleen-E-Ze Hldgs.	67		3.0	♦	6.4	♦
101	52	L.C.P. Hlds.	100		3.6	1.2	5.1	(22.9)
32	14	LDH Group	27	+½	—	—	—	—
245	103	L.R.C. Int. 10p	127	+1	3.25	2.3	3.7	15.1
32	17	Lamont Hldgs. 10p	28		1.3	1.8	6.6	11.0
40	26	Lawtex	34		—	—	—	—
480	345	Lep Group 10p	480		17.5	0.3	5.2	66.5
36	22	Lilleshall 10p	36		d1.0	—	4.0	—
350	61	Lon. & Liv. 10p	65		h2.75	3.5	6.0	5.8
140	102	London & Mid'd	125		7.75	♦	8.9	♦
*130½	38	Lon. & Nthn. Grp	76		F4.2	♦	7.9	10.7
40	23	♦Lon. Pvt. Health	27	−1	—	—	—	13.5
65	46	Longton Inds.	57xd	+1	1.0	—	2.5	—
120	70	Low & Bonar 50p	112	+2	†5.0	0.6	6.6	(5.9)
48	32½	MCD Group	47		u1.0	2.2	3.0	21.4
87	62	MMT Computing 5p	80		b1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	23		0.1	—	0.6	—
212	135	M'c'rthy Pt. 20p	143	−1	7.0	2.7	7.0	6.7
148	128	Macfarlane Gp.	148		†3.52	2.1	3.4	17.9
46	33	Macllellan 20p	33		d1.5	1.6	6.5	11.8
63	48	Macpherson (D.)	53		4.2	0.6	11.3	(11.3)
56	41	Magnolia Group	53		2.3	3.2	6.2	6.2
180	65	Man. Ship Can. £1	140		3.5	6.8	3.7	4.2
73	48	Marley	66	+1	†2.5	0.5	5.4	(63.2)
43	30½	Marling Ind. 10p	42½	−½	1.08	♦	3.6	♦
34	25	Marshall L'sy. 'A'	29		1.2	—	5.9	—

LEISURE

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
78	69	A-P TV Pref. £1	73½		5.95	17.8	25.4	—
103	85	♦Acorn Leisure 10p	88		bd2.0	2.9	2.4	17.9
141	114	Anglia TV 'A'	137	−1	6.5	2.7	6.8	7.0
110	85	Assoc. Leisure 5p	106	+1	h4.23	2.1	5.6	25.0
128	72	Barr & W.A.T. 'A'	120		5.0	1.3	6.0	(14.8)
100	40	Black & Edgtn.	90	−2	♦—	—	—	23.8
178	118	Boosey & Hawkes	164		2.3	1.5	2.0	(41.3)
61	40	Campari Int. 20p	57		d2.73	1.2	6.8	(15.5)
36	23	Fairline Boats 10p	36		td1.0	—	4.0	—
33	14½	GRA Group 5p	33	+2	—	—	—	42.4
58	45	Grampian 'A' 10p	57		3.6	2.9	9.4	4.4
164	136	HTV Non/Vtg.	164		11.0	2.0	9.6	7.3
222	125	Horizon	138xd		†3.6	5.7	3.7	6.0
162	91	Intasun 10p	144		4.0	4.5	4.0	6.6
60	29	♦Intervision Video 10p	30		1.0	2.1	3.5	15.3
370	258	Juliana's Hldg. 2p	352		b3.9	2.4	2.0	25.6
174	139	LWT "A"	168		12.08	1.2	9.2	13.5
*147	67	Leisuretime Int. 10p	70		q1.54	♦	3.2	♦
328	108	Mngmt. Ag. M. 10p	122		8.75	1.6	10.2	8.8
60	52	Medminster 10p	53		†4.0	0.8	10.8	16.7
170	110	♦Met. World Gp. 10p	150xd	−3	b3.0	2.5	2.7	21.8
23	17½	♦Nationwide 5p	21½		—	—	—	—
128	53	♦Nimslo Int. 20c	75	−2	—	—	—	—
128	45½	Norton Opax 10p	123	+3	t2.17	4.3	2.5	8.8
30	22½	♦Owners Abroad	29½		0.5	4.5	2.4	13.2
47	36	Photax (Lon.)	40		—	—	—	—
153	90	♦Pineapple Dance 5p	110	−3	u†1.5	2.1	2.0	27.2
340	217½	Pleasurama 5p	318		15.75	4.5	2.6	18.9
173	108	♦Radio City 'A' NV	125		g5.6	1.6	6.5	13.3
209	138	Riley Leisure 10p	194		3.95	1.7	2.9	27.0
132	84	Saga Hols. 20p	103		d3.73	—	5.2	—
515	345	Samuelson Grp. £1	405		u12.0	2.8	4.3	13.9
108	94	Scott. TV 'A' 10p	107		7.35	2.2	9.8	6.6
68	28	♦SelecTV 10p	38	+1	—	—	—	—
24	15½	TSW 5p	20½		0.9	3.3	6.3	6.9
72	30	♦TVS N/Vtg 10p	72	+1	—	—	—	39.6
29	19	♦Television Servs 10p	27	+1½	b0.2	3.3	1.1	41.5
98	64	Trid'nt TV 'A' 10p	97	−1	†♦4.26	1.4	6.3	16.6
180	105	♦21st Century Dsn	158		—	—	—	—
24	15	Wetco (Jos.) 5p	19		d0.51	0.5	3.9	(35.5)

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—continued

Central African

1983 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
300	210	Falcon Rh 50c	240		070c	4.3	22.5
23	16	Wankie Col. 25¢	22		Q5c	0.7	13.3
28	19	Zam Cpr SBD0.24	19		—	—	—

Australians

1983 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
28½	13½	♦ACM 20c	17		—	—	—
40	32	Allstate Expln NL	40		—	—	—
25	11	Balmoral Resources	17		—	—	—
60	37	♦Black Hill Mins	56		—	—	—
85	41	♦Bond Corp	80	+2	Q10c	2.3	7.5
185	116	♦Bougainville Kina	166	+3	[illegible]	1.2	[illegible]
372	204	♦CRA 50c	372	+12	[illegible]	—	0.4
145	60	♦Carr Boyd 20c	100	+3	—	—	—
43	18	♦Central Pacific	33		—	—	—
9	2¾	♦Cen. Gold Mng Area	4¼	+¼	—	—	—
17	5	♦Cooper Pet. NL	12	+½	—	—	—
255	183	♦Crusader Oil	255		—	—	—
28	8	♦Cultus Pac. NL	15½		—	—	—
29	7	♦Eagle Corp 10c	19		—	—	—
215	96	♦Emperor Mines	203		—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 37

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

"Asset Builder"	64.8	68.7	..	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Sept 1	63.3	66.7	....	—
MM Flexible Sept 1	52.6	55.4	....	—
Fixed Interest Sept 1	54.7	57.7	....	—

London Life Linked Assur. Ltd,
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	293.7	-0.9	+0.9	—
Invest. Tst. Fd. Acc.	309.8	—	+1.0	-12.2
Property Fund Cap.	117.1	—	-0.1	—
Property Fund Acc.	123.2	—	-0.1	-4.2
Flexible Fund Cap.	180.5	—	-0.6	—
Flexible Fund Acc.	189.9	—	-0.5	-4.2
Fixed Int. Fd. Cap.	135.7	—	-0.2	—
Fixed Int. Fd. Acc.	143.0	—	-0.1	—
Gtd. Deposit Fd. Cap	138.8	—	+0.1	—
Gtd. Deposit Fd. Acc.	145.1	—	+0.1	—
Equity Fund Cap.	131.1	—	-0.5	—
Equity Fund Acc.	137.6	—	-0.4	—
International Fd. Cap.	139.1	—	-1.3	—
International Fd. Acc.	145.9	—	-1.3	—
Capital Gwth. Fd.	422.5	—	-1.6	—
Moneymaker Fund	167.1	—	-0.5	—
Exempt Inv Tst Cap.	410.8	—	+1.5	—
Exempt Inv Tst Acc.	425.5	—	+1.7	—
Exempt Inv Tst NS.	423.3	—	+1.7	-8.2
Exempt Ppty Cap	188.8	—	....	—
Exempt Ppty Acc	195.6	—	....	—
Exempt Ppty NS	194.5	—	....	-3.8
Exempt Flex Cap	241.3	—	-0.7	—
Exempt Flex Acc	250.0	—	-0.6	—
Exempt Flex NS	248.6	—	-0.6	-4.3

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	287.8	.	—
Property Fund (A)	280.0	..	—
Agricultural Fund	1,106.0	.	—
Agric. Fund (A)	1,077.2	.	—
Abbey Nat. Fund	228.4	..	—
Abbey Nat. Fd. (A)	227.5	..	—
Investment Fund	138.4	..	—
Investment Fund (A)	136.0	..	—
Equity Fund	418.2	-0.1	—
Equity Fund (A)	410.4	-0.1	—
Money Fund	214.7	..	—
Money Fund (A)	210.8	.	—
Actuarial Fund	221.1	.	—
Gilt-edged Fund	188.4	+2.0	—
Gilt-Edged Fd. (A)	188.4	+2.0	—
Retire Annuity	352.0	...	—
Immed Ann'ty	293.0	.	—
International Fd.	274.8	+0.3	—
Bldg. Soc. Life Fd.	103.8	...	—

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts.	254.0	267.3	.	—
Inv. Fd. Uts		294.5	.	—
Pension Fd. Uts.		256.4	.	—
Conv. Pens. Fd.		288.1	..	—
Cnv. Pns. Cap. Ut.		216.4	..	—
Man. Pens. Fd.		331.4	.	—
Man. Pens. Cap. Ut.	259.0	—	.	—
Prop. Pens. Fd.		279.5	..	—
Prop. Pens. Cap. Uts.		212.6	.	—
Bldg. Soc. Pen. Ut.		251.1	.	—
Bldg. Soc. Cap. Ut.		193.8	..	—
Gilts Pens. Fd.		165.0	+2.2	—
Gilts Pens. Fd. Cap.		144.8	+1.3	—
Equity Pens. Fd.		256.7	-1.3	—
Equity Pens. Fd. Cap.		224.5	-1.1	—

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	106.5	112.4	-0.2	—
Fixed Interest Acc.	90.7	95.7	+0.3	—
Intnl. Acc.	83.1	87.7	+0.8	—
Managed Acc.	91.9	96.9	+0.3	—
Property Acc.	111.6	117.8	+0.3	—

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Geneva sugar agreement talks run into problems

BY ANTHONY McDERMOTT IN GENEVA

NEGOTIATIONS for a new International Sugar Agreement (ISA) have run into early problems at a conference which opened in Geneva yesterday.

Key participants, notably the EEC and the U.S., are reluctant to commit themselves at this stage but are ready to keep talks going. The conference is being held under the aegis of the United Nations Conference on Trade and Development (Unctad).

It is the third round of talks on this topic after sessions in May in Geneva and in July in London. The aim is to produce a new ISA to replace the existing pact set up in 1977 and due to expire at the end of next year. But considerable differences remain to be resolved.

At the opening session, Mr Jorge Zorreguita, the Argentine president of the conference, proposed in an unhappy phrase "a zone of inaction" which would mean finding a balance between sugar exports, their closely defined price ranges, and the quantity of reserve stocks to be held which could range between 2.5m and 6m tonnes.

However, it is regarded as important that Herr Helmut Vonverschuer, the EEC delegate, described participation—for the EEC was not a member of the last ISA—as "valuable and useful for discussion." A total of 79 nations are represented at the current conference, compared with 58 who adhered to the last ISA.

The problems faced by the delegates are considerable. They range from the hard-line approach by the EEC, based on findings for an agreement on reserve stocks, to Brazil's approach which is founded on export quotas and Australia's proposition between the two.

There is, in addition, the problem of Cuba's relationship with the Soviet Union within the context of Comecon and how the price of sugar, as repayment for political and economic support, could be related to any new ISA.

In short, Mr Zorreguita, in spite of his tactical optimism, was probably closer to the tduth in suggesting that this meeting, which is due to end of September 29, might agree only on bureaucratic details to keep negotiations for a new ISA going.

● World sugar production in the 1982/83 season (October-September) is estimated at 99.7m tonnes, up from 98.6m forecast earlier and 6.7m tonnes above expected consumption, the U.S. agriculture department (USDA) said.

In a summary of its sugar and sweeteners report, USDA said the larger output has added to record stocks, and prices, averaging 10.5 cents per lb in August, fell to about 10 cents in early September.

Prospects for lower production and increased sugar use in 1983/84 suggest only a slight price rise in 1984, USDA said.

Cocoa and potato futures slide back

By Our Commodities Staff

THE COCOA and potato futures markets, London's star performers this year, continued to slide back yesterday with the December cocoa quotation ending at £1,384.50 a tonne, adding £26.50 to last week's 29.50 fall, and April 1983 potatoes, which fell £17 last week, losing another £9.90 to £206.20 a tonne.

Both markets had been boosted this year by expectations that crops would be well down because of adverse weather—drought in West Africa in the case of cocoa, and the European spring deluge followed by a dry summer in the case of potatoes. But in both cases earlier gloomy forecasts are now being reassessed.

● COMMODITY brokers Rudolf Wolff have launched a comprehensive chart service covering metal, soft commodity and financial futures markets. The service replaces the reports published by Eurocharts.

● ARGENTINE meat exports during January/August fell to 237,052 tonnes from the 293,490 tonnes shipped in the same period last year.

● THE international jute conference in Calcutta recommended a series of research projects to eradicate major diseases and pests.

● BOSTON Environmental Committee, Lincolnshire, has recommended that a local farmer should be prosecuted for contravening by-laws on stubble burning.

● THE AUSTRALIAN Meat and Livestock Commission has warned producers to expect the EEC to impose cuts on export shipments of meat, dairy and feed grain.

LME copper stocks reach highest level for four years

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER STOCKS in London Metal Exchange warehouses jumped again last week to reach the highest level for four and a half years. A rise of 11,775 tonnes took total holdings to 357,225 tonnes.

This is the seventh consecutive weekly increase and means that stocks have risen by 106,400 tonnes in the past two months.

There was little reaction on the London Metal Exchange, since the market has now become resigned to the stock increases. However, prices did lose ground reflecting the easier tone in New York and the rise in the value of sterling against the dollar.

Firmer sterling was a generally depressing influence on the base metal markets, while precious metals were also under pressure in late trading following rumours that Brazil had signed a ltter of intent over payment of its external debts.

Aluminium futures were hit by renewed selling in early trading. The three months quotation fell to a low of £1,117 at one stage before rallying to close at £15 down on Friday at £1,122.25 a tonne and moving to £1,126 in late dealings.

Stocks in the LME warehouses declined by 2,500 to 257,375 tonnes. More important, the latest figures from the International Primary Aluminium Institute showed that non-Communist world producer stocks of primary aluminium fell to 2,211m tonnes in July from 2,227m in June and 3,211m at end-July last year.

Total stocks, including secondary supplies, during July rose slightly to 3,926m from 3,923m in June but were well down compared with July last year when they were 5,063m tonnes, close to the peak levels reached in 1982.

Alcan confirmed that it has raised its transaction prices for aluminium ingots in the U.S. by 4.50 to 81.5 cents a pound effective from November 1. But the company said the price increases will be applicable for 30 days only.

This has triggered off rumours that either another increase is planned or the company is planning to change its pricing system, possibly more in line with fre market trends.

An aluminium futures contract is due to be launched on Comex in New York later this year.

Zinc lost some of the gains made on Friday, while tin dropped again following a sharp decline in the Straits tin price, from M$30.43 to M$29.95 a kilo, in the Penang market over the weekend.

Lead values held steady, however, in spite of yet another rise in stocks of 3,075 tonnes taking total holdings to a record total of 209,600 tonnes. Zinc stocks increased by 3,500 to 110,375 tonnes, close to the all-time high of 112,950 tonnes reached in October 1976.

Dealers claim, however, that there is still a shortage of special high grade zinc, which is pushing the whole market up.

Nickel stocks rose by 492 to 23,916 and tin by 45 to 43,995 tonnes, but LME silver holdings declined by 10,000 to 36,490,000 ounces.

Bufferstock manager to be appointed

By Wong Sulong in Kuala Lumpur

DELEGATES from the International Natural Rubber Organisation (INRO) are to hold a special session here today to appoint a new bufferstock manager (BSM).

Two candidates, Mr Harvey Adam from the U.S. and Mr A. Mitrovanov of the Soviet Union, who both worked in the rubber industries of their countries, have been nominated. Mr Adam is the clear favourite to get the job.

The current BSM, Mr Jack Riedl, was to have resigned in mid-June, but agreed to remain until September 15 because at the last INRO meeting in May, delegates failed to agree on a successor.

The U.S. nominated Mr Robert Saunders, who was the sole candidate, but producing countries wanted a choice of candidates from the consuming members.

Meanwhile, the Kuala Lumpur Commodities Exchange (KLCE) has shortened the rubber futures trading period from 24 months to 15 months, and shortened the seven delivery quarters to three.

The contract lot remains at 25 tonnes, although it might be changed later if it is found to be too big.

● Rubber prices fell back on the London physical market yesterday as seasonal production increases ran up aagInst continued slugish demand. The strength of sterling was also a factor encouraging the 3p fall to 74p a kilo in the spot quotation on the London physical market. This took the price 7.50p below the three-year peak reached last month.

Big drop in U.S. maize forecast

BY NANCY DUNNE IN WASHINGTON

A KEY monthly crop report to be released late last night by the U.S. Department of Agriculture (USDA) was expected to estimate a drastically reduced maize crop between 4.1-4.6bn bushels, the smallest output since 1970.

Chicago crop forecaster Conrad Leslie predicted on Friday that the record high temperatures and below normal moisture levels of the summer will cut the maize crop to 4.39bn bushels.

Another analyst, James McQuigg, estimated an even smaller crop at only 4.01bn bushels.

Soyabean production, also hurt by the drought, is expected to drop to between 1.4bn and 1.7bn bushels.

These figures compare with 1982 maize production of 8.4bn bushels and soyabean output of 2.3bn bushels that preceded the Government acreage reduction payment-in-kind (Pik) programme.

Meanwhile there are some indications that the drought may have affected the wheat harvest more than had been previously expected.

Farmers are saying that yields, which had been forecast at a record 40 bushels an acre, may have been overestimated.

Nevertheless, total wheat supplies will be large because of high carryover.

USDA officials have made repeated assurances that maize supplies will be sufficient to meet both domestic and export needs.

Many analysts believe that the greatly reduced crop, which could cut carryover to 1bn bushels, will result in a Government decision to offer no acreage reduction programmes in 1984.

Changes aim to boost gold futures activity

SEVERAL CHANGES aimed at boosting activity on the London Gold Futures Market (LGFM) were announced yesterday, John Edwards writes.

The most radical change is that the present system of separate morning and afternoon trading sessions is to be replaced by a single session starting an hour earlir at 8.30 a.m. and finishing at 3.30 p.m.

Kerb (inter-office telephone trading using LGFM contracts) will then he permitted until the next official session, effectively allowing 24-hour trading.

At the same time, the monthly positions quoted on the market will be altered to align more closely with those on the highly successful New York (Comex) gold futures contract.

It has also been agreed that the International Commodities Clearing House (ICCH) will switch to similar clearing arrangements to those used on Comex and the London International Financial Futures Exchange (LIFFE), whereby unrealised profits will be paid out to LGFM members if they so wish.

U.S. participants, in particular, do not like the present arrangements existing in the "soft" (non-metal) London futures markets where the clearing house does not pay out unrealised profits

Mr Ronald Gee, chairman of the LGFM, said the changes, agreed unanimously by members of the market yesterday, would be implemented as soon as practicable

Mr Gee said the main purpose was to improve liquidity of the market. The "refinements" made would enable them to take advantage of the likely resurgence in trading interest after a long quiet period affected all the markets.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 12 1983	+ or —	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt	$1655/1695		$1585/616
Copper			
Cash h grade	£1072.5	−5.25	£1102.5
3 mths	£1101.75	−4	£1129.75
Cash Cathode	£1040	−5.5	£1071.5
3 months	£1069	−4.25	£1098
Gold troy oz	$414.375	−0.25	$418.125
Lead Cash	£269	+2.875	£270
3 months	£279	+2.875	£279.75
Nickel	£4646.34		£4625.95
Free mkt	225/255c		220/250c
Palladium	$155.50	+0.5	$146.50
Platinum	£292.65	−1.65	£290.75
Quicksilver†	$285.295		$280/290
Silver troy oz	815.60p	−4.00	805.05p
3 mths	834.60p	−4.20	824.35p
Tin cash	£8407.5	−57.5	£8437.5
3 month	£8529.5	−46	£8537.5
Tungsten	$74.81		$88.73
Wolfsm 22.04 lb	$76/82		$73/77
Zinc Cash	£572.5	−5.25	£542
3 mths	£588.5	−5	£567.75
Producers	$880		$820

	Sept. 12 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$995y	−5	$1020
Groundnut	£1035x		‡
Linseed Crude	£496.40		£390
Palm Malayan	$640u		$545
Seeds			
Copra Phil	$642x	−3	$660
Soyabean (U.S.)	$370v		$344
Grains			
Barley Fut. Nov	£119.00	+0.30	£117.05
Maize	£144.00		£142.00
Wheat Fut. Nov	£124.15	+0.15	£124.80
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1440	−32	£1675.5
Fut. Dec	£1384.5	−26.5	£1620.5
Coffee Ft. Nov	£1597	+2.5	£1686.5
Cotton A. Index	91.95c		90.80c
Gas Oil Oct	$253		$263.75
Rubber (kilo)	74p	−3	81p
Sugar (Raw)	£159y		£169p
Wooltops 64s	395p kilo		395kilo

‡ Unquoted. z Aug-Sept. u Nov. y Sept-Oct. x Oct-Nov. v Oct. † Per 76lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.65	−0.05
Iranian Light	28.20	—
Arabian Heavy	26.60-26.70	+0.05
North Sea (Forties)	30.05-30.10	+0.02
North Sea (Brent)	30.30	—
African Bonny Li'ht	30.70-30.85	−0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	296-297	—
Gas oil	247-250	−1.0
Heavy fuel oil	168-170	−1.0

GAS OIL FUTURES

After an unchanged opening, the market steadied up to the highs on light profit-taking during the morning. Prices stayed in a narrow range but fell towards the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	24,009	+0.50	258.00-48.25
Oct	253.00	—	254.00-52.50
Nov	256.25	+0.25	257.50-55.75
Dec	259.00	—	260.25-58.00
Jan	257.00	−0.25	258.25-57.00
Feb	254.00	−0.50	254.75-54.25
Mar	252.00	−0.75	252.00
April	250.00	+1.25	250.00
May	248.00	+0.50	—

Turnover: 2,221 (1,679) lots of 100 tonnes.

GOLD MARKETS

Gold fell just $½ an ounce from Friday's close in the London bullion market yesterday to finish at $414-414½. The metal opened at $416¼-417¼, reflecting gains in the Far East after better than expected U.S. M1 money supply figures. However it failed to maintain the firmer tone and sank to a low of $412-$412½, having touched a best level of $417-417½.

In Paris the 12½ kilo bar was fixed at FFr 107,700 per kilo ($418.59 per ounce) in the afternoon compared with FFr 107,700 ($418.72) in the morning and FFr 107,500 ($416.10) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,690 per kilo ($418.03 per ounce) against DM 35,690 ($416.00) and closed at $415¾-416¾ from $414¾-415.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $417.00 from $414.75.

In Zurich gold closed at $416-$419 from $414-417.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Sept	413.40-13.9	−1.050	—
Oct	415.70-16.3	−1.500	416.50-15.6
Nov	418.80-20.0	−1.750	—
Dec	422.70-22.9	−1.150	426.20-21.5
Jan	426.00-27.0	−1.150	—
Feb	430.20-30.5	−1.250	—
Mar	433.00-34.5	−1.760	—

Turnover: 402 (541) lots of 100 troy ounces.

	Sept. 12		Sept. 9	
Gold Bullion (fine ounce)				
Close	$414-414½	(£275½-276)	$414¼-415	(£277½-279)
Opening	$416½-417¼	(£277¾-277¼)	$414¼-415	(£277½-278)
Morning fixing	$416.90	(£276.918)	$414.50	(£277.778)
Afternoon fixing	$415.75	(£276.209)	$414.75	(£277.388)

Gold Coins Sept. 12					
Krugrnd	$426½-427¼	(£284-284½)	King Sov	$99¾-101¼	(£66¼-67¼)
½ Krg	$219½-220½	(£146¼-146¾)	Victoria Sov	$99¾-101¼	(£66¼-67¼)
¼ Krg	$111¾-112¾	(£74½-75)	French 20s	$84¼-86¼	(£56-57½)
1/10 Krug	$45½-46½	(£30¼-31)	50 pesos Mex	$509-511	(£338-340¼)
Mapleleaf	$426½-427¼	(£284-284¼)	100 Cor. Aust	$408-412	(£271¼-274½)
New Sov	$97½-98	(£65-65¼)	$20 Eagles	$590-600	(£393-399½)
½ New Sov	$58-60	(£38½-40)			

EUROPEAN MARKETS

ROTTERDAM, Sept 12.

Wheat—(U.S. $ per tonne): Oct 170, Nov 173.75, Dec 176.50: U.S. Northern Spring 14 per cent protein Sept 187.50, Oct 187, Nov 188.50, Dec 192.50: U.S. Three Amber Durum Sept 210, mid-Sept-mid-Oct 208, Oct 211, Nov 215, April-May 221.

Maize—(U.S. $ per tonne): U.S. Three Yellow Sept 170, Oct 163.25, Nov 163.75, Dec 166, Jan-March 169.50, April-June 172 sellers: Argentine afloat 174, Sept 172, Oct 176 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 384, Nov 388.25, Dec 370, Jan 374.50, Feb 378, March 382.50, April 383.25, May 384 sellers: Argentine Sept 357.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per afloat 289, Sept 289, Oct 288 Nov-March 301.50 sellers: Pellets Brazil afloat 302, Sept 305, Oct 313 sellers: Pellets Argentine afloat 293, Sept 297, Oct 298, Nov 303, Dec 308 sellers.

Sugar—(FFr per tonne): Oct 2181/2185, Dec 2380/2385, March 2546/2555, May 2630/2640, Aug 2720/2735, Oct 2770/2780.

PARIS, Sept 12.

Cocoa—(FFr per 100 kg): Sept 1590-1620, Dec 1671-1674, March 1718-1725, May 1740 bid, July 1765 bid, Sept 1818 bid, Dec 1845-1870.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange following the late downturn in gold and silver and the persistent strength of sterling against the dollar. Copper traded around the £1,108 level for most of the morning but retreated to close the afternoon Kerb at £1,096, while Lead was finally £278.75 and Zinc £590.5. Currency considerations and merchant selling depressed Aluminium to £1,117 in initial trading but the market rallied thereafter with forward metal closing at £1,126. Tin fell to £8,500, owing to the sharp fall in Penang and unrtial nervous selling, but recovered on buffer stock support to close at £8,547.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1075.5-6	−1.5	1072-3	−6.25
3 months	1105-.5	+.25	1101.5-2	−4
Settlem't	1076	−1.5	—	.....
Cathodes				
Cash	1042-3	−4	1039-41	−5.5
3 months	1072-.4	−1.25	1068-70	−4.25
Settlem't	1043.4	−4	—	
U.S. prod.	—	—	*77-81	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,076, 76.50, three months £1,105.50, 06, 05.50, 05. Kerb: Standard: Three months £1,105, 04.50, 04, 04.50. Afternoon: Higher Grade: Three months £1,104.50, 04, 03, 02.50, 02, 01.50. Kerb: Higher Grade: Three months £1,101.50, 02, 02.50, 02, 01, 1,100.50, 1,100, 1,099. Turnover: 26,800 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8400-5	−137	8405-10	−37.5
3 months	8520-5	−105	8529-30	−46
Settlem't	8405	−140	—	.....
Standard				
Cash	8400-5	−137	8405-10	−57.5
3 months	8520-5	−5	8529-30	−46
Settlem't	8405	−140	—	.....
Straits E.	$29.95	−0.45	—	.....
New York				

Tin—Morning: Standard: Cash £8,420, 25, 20, three months £8,530, 40, 45, 50, 45, 40, 41, 40, 35, 30, 25. Kerb: Standard: Three months £8,525, 22, 25, 20. Afternoon: Standard: Cash £8,405, three months £8,525, 20, 25, 28, 26, 29, 30. High Grade: Three months £8,527. Kerb: Standard: Three moinths £8,535, 40. Turnover: 1,890 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	268-.25	+.375	268.5-9.5	+2.87
3 months	278-.5	+.5	278.5-9.5	+2.87
Settlem't	268.25	+.25	—	.....
U.S. Spot	—	.....	*19-24	.....

Lead—Morning: Three months £277.50, 78, 79, 80, 79, 78.50, 78.25, 78, 78.25. Kerb: Three months £279, 78, 77.50, 77. Afternoon: Three months £278, 78.50, 79. Kerb: Three months £279, 78.50, 79. Turnover: 11,450 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	574-.5	—	572-3	−5.25
3 months	590.5-1	+.375	588-9	−5
Settlem't	574.5	—	—	.....
Primw'ts	—	.....	*43-.75	.....

Zinc—Morning: Three months £591, 91.50, 91, 90.50. Kerb: Three months £590. Afternoon: Three months £590, 91, 90.50, 90, 89, 88. Kerb: Three months £590, 90.50. Turnover: 7,125 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1089-.5	−15.5	1093-4	−16
3 months	1118-.5	−14.5	1122-.5	−15

Aluminium—Morning: Cash £1,090, three months £1,120, 20.50, 21, 21.50, 21, 20.50, 20, 19. Kerb: Three months £1,118, 17, 18, 18.50, 19. Afternoon: Three months £1,121, 22, 22.50, 23, 23.50, 24, 24.50, 24, 23, 22. Kerb: Three months £1,123, 24, 25, 25.50, 26, 26.50, 27, 26.50, 26. Turnover: 64,300 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3340-50	−17.5	3348-50	−6
3 months	3430-40	−17.5	3438-9	−4

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,440, 35, 40. Kerb: Three months £3,430, 35. Afternoon: Three months £3,440, 45, 44, 40, 38. Kerb: Three months £3,435, 32. Turnover: 438 tonnes.

SILVER

LME—Turnover: 40 (71) lots of 10,000 ozs. Morning: three months 837.5, 37.0, 36.5. Kerb: three months 836.0. Afternoon: three months 830.0, 31.0. Kerby: three months 830.0, 30.5, 30.0, 31.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	815.60p	−4.00	811.5p	−6.75
3 months	834.60p	−4.20	831.5p	−6.5
6 months	855.00p	−4.20	—	......
12months	896.50p	−3.95	—	......

Silver was fixed 4p an ounce lower for spot delivery in the London bullion market yesterday at 815.6p. U.S. equivalents of the fixing levels were: spot $12.27, up 2.5c; three-month $12.565, up 2c; six-month $12.883, up 2c; and 12-month $13.536, up 2c. The metal opened at 817-819½p ($12.29-12.33) and closed at 808-810½p ($12.16-12.20).

COCOA

call and traded at limit-down before attracting support. Apart from light scale-down physicals were largely neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1325-30	−36.0	1340-20
Dec	1384-85	−26.5	1395-70
March	1401-02	−10.0	1410-89
May	1414-15	−12.0	1423-05
July	1427-28	−16.0	1438-20
Sept	1440-43	−17.0	1449-35
Dec	1461-55	−17.0	1460-45

Sales: 4,807 (6,204) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound): Daily price for Sept 12: 92.00 (93.18); five-day average for Sept 13: 94.82 (95.43).

COFFEE

From an unchanged opening prices gradually improved in light volume, reports Drexel Burnham Lambert. Dealer resistance hindered any further advance and values closed a quiet session slightly better on the day.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept	1715-17	+6.0	1720-07
Nov	1696-98	+2.5	1705-93
January	1687-88	+4.5	1693-81
March	1655-56	+5.5	1660-49
May	1634-35	+2.5	1640-35
July	1616-18	+5.5	1615-10
Sept	1602-10	+8.5	1604

Sales: 1,095 (2,707) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for September 9: Comp. daily 1979 125.74 (125.46); 15-day average 126.30 (same).

GRAINS

Business done—Wheat: Sept 122.85-2.25, Nov 124.45-3.75, Jan 127.00-6.40, March 129.85-9.40, May 132.55-1.95, July 135.35-3.25. Sales: 225 lots of 100 tonnes. Barley: Sept untraded, Nov

WHEAT			BARLEY	
Mnth.	Yestrday's close	+ or —	Yest'day's close	+ or —
Sep	122.65	+0.15	116.65	+0.85
Nov	124.15	+0.15	119.00	+0.38
Jan	126.90	+0.25	122.15	+0.45
Mar	129.70	+0.10	124.90	+0.30
May	132.40	+0.29	127.00	+0.30
July	135.25	+0.15	—	—

Wheat and barley opened a little lower after the UK crop estimate but quickly found country buying interest and remained in a narrow range, reports Muirpace.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Oct 135.25, Nov 136, Dec 138.75 transhipment East Coast seller; English Feed fob Oct-Dec 128 East Coast seller. Maize: French Sept 144 transhipment East Coast seller. Barley: English Feed fob spot 119.25 East Coast seller. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 115.10. Scotland 115.70. The UK monetary coefficient for the week beginning Monday, September 19 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged. 119.00-8.45, Jan 122.15-1.90, March 125.10-4.80, May 127.10-6.95. Sales: 87 lots of 100 tonnes.

POTATOES

Opening levels were £4-6 lower, hitting stop-loss selling to register falls of some £13 before attracting profit-taking buyers in the afternoon, reports Coley and Harper.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	142.50	154.00	150.1-142.5
Feb	176.00	187.00	180.0-175.0
April	206.70	216.10	210.0-205.0
May	212.80	221.90	214.0-208.1
Nov	84.50	84.50	—

Turnover: 1,653 (798) lots of 40 tonnes.

RUBBER

The physical market opened easier, drifted lower throughout the day and closed easier, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 255.25 (258.0) cents a kg and for SMR20 216.5 (218.5).

No. 1 R.S.S.	Yestday's close	Previous close	Business Done
	£ per tonne		
Oct	745-752	764-775	—
Nov	750-752	764-784	—
Oct-Dec	748-751	766-767	759-755
JanMch	770-771	788-789	780-770
Apl-Jne	788-789	808-809	800-789
Jly-Sept	805-807	825-826	814-806
Oct-Dec	823-826	843-845	—
JanMch	840-845	861-864	852
Apl-Jne	860-866	884-885	—

Sales: 267 (208) lots of 15 tonnes: nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 74.00p (77.00p); Oct 77.50p (78.75p); Nov 77.75p (79.25p).

SOYABEAN MEAL

The market opened unchanged to £1.00 easier, reports T. G. Roddick. It continued to ease further in lacklustre trading.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October	194.70-95.20	−1.85	196.30-94.80
Dec	201.80-02.00	−2.00	205.00-02.00
Feb	205.90-06.30	−1.45	207.00-06.80
April	205.00-08.00	−1.50	—
June	202.50-04.00	−2.20	204.50
August	202.00-05.00	−3.50	204.80-03.00
October	192.80-92.50	−4.75	194.80-92.50

Sales: 103 (242) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £158.00 (same) a tonne for Sept-Oct shipment. White sugar £180.00 (£182.00).

Currency considerations initially caused the market to open about £1.00 below pre-weekend levels. The lows were short-lived and later, as New York quotations lifted, gains of some £2.00 were recorded, reports C. Czarnikow.

No. 4 Contract	Yest day's close	Previous close	Business done
	£ per tonne		
Oct	171.25	167.80	171.50-67.50
Dec	180.75-81.25	177.25-77.75	180.75-77.50
Mar	191.50	187.85-88.00	191.55-87.40
May	196.25-96.50	192.25-93.00	196.50-92.50

Sales: 2,585 (2,410) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £276.50 (same) a tonne for export.

International Sugar Agreement (U.S. cents per ound) fob and stowed Caribbean ports. Prices for September 9: Daily nce 9.75 (same); 15-day average 9.97 (10.02).

TEA AUCTIONS

LONDON TEA AUCTION — At this week's sale 18,053 packages were on offer including 400 packages in the offshore section. Demand was strong and general. Africans opened 2-4p and closed 3-6p dearer apart from dusts which were again irregular. Ceylons met a very strong enquiry at often substantially higher levels. Offshore teas were well competed for at higher rates. Quotations: quality 180p a kg (160p), medium 155p a kg (148p), low medium 138p a kg (139p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 109 tonnos. Operations, although decidedly smaller than last week, were renowed o na reasonable scale, and business was done in various American type styles. Interest was shown in African qualities while Turkish and Russian growths also attracted attention.

WOOL FUTURES

SYDNEY GREASY—Close (in order: buyer, seller, business). Australian cents per kg. Oct 563.0, 564.0, 563.0-562.0; Dec 573.0, 576.0, untraded; March 592.0, 594.0, u/t; May 602.0, 605.0, u/t; July 614.0, 620.0, u/t; Oct 609.0, 615.0, u/t; Dec 618.0, 622.0, u/t; March 624.0, 650.0, u/t. Sales: 4.

INDICES

FINANCIAL TIMES

Sept. 9	Sept. 8	M'th ago	Y'ar ago
291.45	291.61	291.01	228.66

(Base: July 1 1952=100)

REUTERS

Sept. 12	Sept. 9	M'th ago	Y'ar ago
1904.1	1913.5	1923.2	1522.6

(Base: September 18 1931=100)

MOODY'S

Sept. 10	Sept. 9	M'th ago	Y'ar ago
1083.4	1080.5	1079.9	1009.6

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept 10	Sept. 9	Month ago	Year ago
Spot	145.95	145.61	146.38	129.27
Fus.t	152.52	152.03	150.67	131.55

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representatie markets. GB—Cattle 96.0p er kg lw (+1.04). GB—Sheep 133.03 per kg est dcw (+7.05). GB—Pigs 76.94p per kg lw (+5.80).

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 79.0-84.0; Ulster hindquarters 96.0-99.0; Eire hindquarters 93.0-98.0, forequarters 59.5-64.0. Veal: Dutch hinds and ends 144.0-143.0. Lamb: English small 66.0-68.0, medium 64.0-68.0, heavy 61.0-63.0; Imported: New Zealand PL 58.0-58.8. Pork: English under 100lb 47.5-53.0, 100-120lb 46.0-50.5, 120-160lb 47.0-51.0.

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-8.00, codlings £3.60-5.30; large haddock £5.20-6.00, medium £3.80-4.90, small £3.00-4.20; large plaice £7.00-8.00, medium £7.00-7.50, best small £6.80-7.10; skinned dogfish, medium £7.00; lemon sole, best £14.00, small £6.40; rockfish £2.50-5.00; reds £2.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Tambors—Outspan: 5.0-6.50. Minneolas—Outspan: 5.50-6.00. Tangerines—Brazilian: Honey, tray 4.80-5.20, Muprcots 3.40-3.80; Australian: Ellendales 8.00. Oranges—Outspan: Valencia lates 40 6.00, 48 6.80, 56 7.70, 72 7.40, 88 7.00, 112 6.10, 138 5.80, 150 5.00; Brazilian: Valencia Lates 6.00. Lemons—Outspan: Carton 10.00-13.00; Uruguayan: Carton 8.50-10.00; Spanish: 5 kg 4.00-4.30; Italian: Carton 9.00-10.00. Grapefruit—Outspan: 27 5.70, 32 6.70, 36 6.90, 40 6.80, 48 7.40, 56 7.40, 64 7.40, 72 5.00; Honduas: Box 6.50-7.00; Dominican: 6.00-7.20. Apples—French: Golden Delicious (new crop) carton 6.20-6.40, half-carton 3.20-3.30, Mutsu 10.00; Spanish: Golden Delicious (new crop) 5.00-5.50, Granny Smith 8.50-9.50. Pears—French: per pound Williams 0.13-0.14; Italian: Williams 0.15-0.20.

English produce: Apples—per pound, Bramley new season 0.12-0.14, Howgate 0.08-0.10, Tydeman's Worcester 0.12-0.18, Worcester Pearmain 0.16-0.20, Derby 0.10, Cox's 0.25-0.30, Russet 0.20-0.22. Pears—Per pound, Williams 0.10-0.12, Conference 0.14-0.15. Strawberries—8-ozs 0.40-0.50 according to condition. Raspberries—4-oz Punnets 0.70-0.80 according to quality. Blackberries—8-ozs 0.30-0.35. Plums—Per pound, Damsons 0.22-0.25, Victorias 0.18-0.25, President 0.20, Marjons 0.17-0.18. New potatoes—4.80-5.50. Mushrooms — Per pound, open 0.60-0.70, closed 0.90-1.10. Lettuce—Per tray round 1.00-1.20, Webb's 2.20-2.40, Cos 1.50-1.60, Iceberg, per dozen 7.00-8.00. Onions—Per 55-lbs 3.50-3.80. Cabbages—Per 25-lbs Primo 3.20-3.50. Greens—28-lbs, Kent 2.80-3.00. Cauliflowers—12's Lincoln 3.50-4.20. Cucumbers—2.00-2.60. Tomatoes—hothouse, 12-lbs 1.60-1.70. Celery—3.50-4.00. Beetroots—28-lbs 3.00-3.20. Turnips—28-lbs 3.00. Swedes—28-lbs 2.50-2.60. Sugar Peas—Per pound 1.50-2.00. Capsicums—Green, per pound 0.25-0.28. Corn Cobs—Each 0.08-0.14. Leeks—Per pound 0.25-0.30. Carrots — 28-lbs 2.40-3.00. Parsnips—28-lbs 3.50-4.00. Courgettes—per pound 0.27-0.30.

AMERICAN MARKETS

NEW YORK, September 12.

PRECIOUS METALS came under heavy selling pressure as gold and silver markets failed to roact to favourable money supply figures. The downward momentum was intensified by rumours that oil prices would weaken. Copper prices were sharply lower as the massive liquidation in precious metals carried over into other markets. Heating oil retreated substantially as the spectrum of a lower demand attracted trade hedging and commission house selling. Cotton prices traded on the defensive as traders evened-up their positions ahead of the Government crop report. Sugar finished fractionally higher on light buying ahead of the ISO meeting. Cocoa prices again found it difficult to uncover support in continued downward pressure related to indications of a beter than expected crop yield in West Africa. The coffee market was featureless with little volume and interest. Evening-up of positions occurred by traders with a short position in soyabeans offset by a long position in soyabean oil. Grains were generally defensive in anticipation of a higher Government crop estimate in comparison with earlier private crop figures, reports Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	1844	1896	1844	1890
Dec	1882	1942	1871	1916
March	1912	1973	1907	1950
May	1942	1998	1937	1980
July	1962	2005	1962	1999
Sept	1987	2030	1987	2009
Dec	2050	2050	2040	2034

COFFEE "C" 37,000 lb; cents/lb

	Close	High	Low	Prev
Sept	132.85	133.00	130.80	131.98
Dec	130.67	131.00	130.40	130.18
March	128.40	128.65	128.25	127.83
May	126.65	127.00	126.50	125.85
July	124.63	125.50	125.00	124.55
Sept	123.26	—	—	123.33
Dec	121.50	—	—	121.55

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	72.10	73.35	72.15	72.85
Oct	72.60	—	—	73.35
Nov	73.35	—	—	74.05
Dec	74.00	75.40	73.75	74.70
Jan	74.75	75.00	74.85	75.45
March	76.25	77.60	76.00	76.95
May	77.65	78.95	77.40	78.35
July	79.00	80.35	78.90	79.75
Sept	80.35	81.50	80.25	81.10
Dec	82.30	83.45	83.40	83.05

COTTON 50,000 lbs, cents/lb

	Latest	High	Low	Prev
Oct	79.70	80.35	79.68	80.30
Dec	80.95	81.49	80.85	81.35
March	82.05	82.46	81.95	82.42
May	82.70	83.00	82.80	83.20
July	83.22	83.25	83.00	83.50
Oct	77.80	78.25	77.80	78.10

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	405.3	413.5	405.0	413.5
Oct	407.4	420.0	403.0	415.9
Nov	410.7	—	—	419.5
Dec	414.0	428.5	410.0	422.9
Feb	421.2	433.5	418.0	430.4
April	428.5	442.0	424.5	438.1
June	435.8	448.0	436.0	445.9
August	443.4	457.7	442.0	453.9
Oct	451.1	465.5	465.5	462.0
Dec	458.9	472.3	457.0	471.2
Feb	466.8	469.0	469.0	478.5
April	474.9	—	—	486.9
June	483.4	496.1	495.0	495.8

HEATING OIL 42,000 U.S. gallons; cents/U.S. gallons

	Latest	High	Low	Prev
Oct	82.60	83.33	82.55	83.09
Nov	83.70	84.44	83.55	84.20
Dec	84.60	85.40	84.55	85.08
Jan	84.60	85.35	84.55	85.00
Feb	83.70	84.20	83.70	84.10
March	82.20	82.80	82.20	82.40
April	81.60	81.60	81.60	81.60
May	81.30	81.30	81.20	80.85

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	123.75	124.00	122.00	121.90
Nov	119.25	129.50	117.40	117.10
Jan	113.50	113.40	112.70	112.55
March	113.00	113.00	112.00	112.00
May	113.00	113.00	112.50	112.30
July	113.10	112.80	112.80	112.25
Sept	113.25	—	—	112.55
Nov	111.50	—	—	110.80
Jan	109.90	110.00	110.00	109.90

PLATINUM 50 troy oz; $/troy oz

	Close	High	Low	Prev
Sept	427.3	—	—	441.3
Oct	429.3	446.0	429.0	443.3
Jan	435.3	452.0	438.0	448.8
April	440.3	458.0	442.0	453.8
July	447.3	463.5	450.0	460.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	1183.2	1236.0	1179.0	1217.5
Oct	1187.0	—	—	1223.2
Dec	1209.0	1265.0	1202.0	1245.0
Jan	1219.8	1223.0	1222.0	1256.2
March	1241.7	1298.0	1235.0	1278.8
May	1263.7	1303.0	1262.0	1301.5
July	1285.7	1295.0	1290.0	1324.2
Sept	1307.7	1361.0	1300.0	1346.9
Dec	1340.7	1383.0	1330.5	1380.8

SPOT PRICES—Chicago loose lard 25.00 (same) cents per pound. New York tin 590.0-95.0 (590.0-93.0) cents per pound.

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	10.22	10.43	10.18	10.18
Jan	10.81	11.15	10.88	10.79
March	11.56	11.72	11.45	11.48
May	11.91	12.07	11.83	11.83
July	12.15	12.34	12.07	12.06
Sept	12.38	—	—	12.27
Oct	12.57	12.72	12.57	12.48
Jan	12.80	12.70	12.70	12.66

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	59.27	59.32	58.56	58.42
Dec	59.95	59.97	59.17	59.12
Feb	61.37	61.40	60.65	60.70
April	63.60	63.67	63.30	63.25
June	65.32	65.40	64.95	65.05
August	64.45	64.45	64.15	64.30

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	43.45	43.80	43.17	43.86
Dec	43.70	43.85	43.15	43.57
Feb	47.25	47.30	46.70	47.17
April	49.22	49.35	48.75	49.00
June	54.77	54.80	54.35	54.72
July	55.62	55.85	55.50	55.60
Aug	55.00	55.25	54.90	55.20
Oct	53.60	53.95	53.60	53.95
Dec	54.55	55.00	54.50	55.10

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	361.4	366.0	361.4	367.2
Dec	365.4	367.6	365.0	367.5
March	372.4	375.4	372.4	375.6
May	379.4	380.2	378.4	380.4
July	378.6	379.4	377.4	379.2
Sept	351.0	351.0	348.4	350.6
Dec	325.0	325.4	323.4	325.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.80	65.25	64.25	65.05
March	64.77	65.25	64.40	65.07
May	66.40	66.80	65.90	66.72
July	67.27	67.80	67.00	67.40
August	65.35	66.25	65.15	65.60

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	931.0	940.0	931.0	940.6
Nov	938.0	949.4	938.0	948.0
Jan	951.0	962.0	951.0	959.0
March	963.0	974.0	963.0	971.4
May	965.0	975.0	965.0	973.0
July	962.0	970.0	962.0	966.6
August	930.0	937.0	929.0	938.0
Sept	832.0	842.0	831.0	845.0
Nov	752.0	764.0	752.0	761.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	245.0	250.0	245.0	250.7
Oct	246.0	250.5	246.0	250.8
Dec	248.5	254.0	248.5	254.7
Jan	250.0	254.5	250.0	255.5
March	251.5	256.5	251.5	257.0
May	252.1	256.0	252.0	257.0
July	253.0	256.5	252.5	257.8
August	245.0	250.5	245.0	246.0
Sept	238.0	240.0	236.0	241.5
Oct	217.0	220.0	217.0	220.0

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
Sept	35.80	35.55	34.70	34.80
Oct	35.56	35.56	34.78	34.93
Dec	35.80	35.90	35.05	35.27
Jan	35.75	35.80	35.00	35.23
March	35.60	35.65	34.80	35.10
May	34.80	34.85	34.00	34.33
July	34.15	34.23	33.50	33.83
August	32.40	32.40	31.80	31.95
Sept	29.13	29.13	28.40	28.70
Oct	28.95	28.95	28.50	28.75

WHEAT 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Sept	390.0	396.0	390.0	397.0
Dec	400.2	406.0	399.0	406.6
March	415.4	421.4	415.4	422.2
May	423.4	427.0	422.0	428.2
July	416.0	418.0	414.8	418.6
Sept	423.6	425.0	422.4	425.6

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down on M1, but above worst

The dollar fell quite sharply in early foreign exchange trading as the market continued to digest the weekly U.S. M1 money supply figures announced Friday. These were much better than expected, and after two good weeks, coupled with indications that the more broadly based M2 and M3 statistics are within the Federal Reserve target range, the dollar weakened, only to recoverer some of its losses later in the day when U.S. markets opened.

Growing conviction that the Fed will not tighten its monetary stance helped sterling, which was also boosted by speculation about a possible rise of 50 cents a barrel in the price of North Sea oil.

DOLLAR — Trade-weighted index (Bank of England) 128.3 against 121.2 six months ago. The latest figures on money supply have given rise to cautious optimism as fears of a sharp M1 rise in September now seem overdone. The dollar had previously been at record levels on fears of higher U.S. interest rates as a result of the U.S. budget deficit and money supply growth.

The dollar fell to DM 2.6605 from DM 2.6740 against the D-mark; to FFr 8.0125 from FFr 8.04 against the French franc; to SwFr 2.1630 from SwFr 2.1705 in terms of the Swiss franc; and to Y243.40 from Y244.60 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 84.9 against 84.9 at noon and 85.0 at the opening and compared with 84.7 on Friday and 79.4 six months ago. The pound has been quite steady recently but is beginning to look a little fragile against European currencies as upward pressure on interest rates eases. As with other currencies it is currently hostage to the varying fortunes and fluctuations of the U.S. dollar.

Sterling rose 95 points to \$1.5020-1.5030. It opened at \$1.5040-1.5050, and touched a peak of \$1.5080-1.5090, and a low of \$1.5505-1.5015. The pound was also firm against Continentals and the Japanese yen, rising to DM 4.00 from DM 3.9950; to FFr 12.0350 from FFr 11.9975; to SwFr 3.2525 from SwFr 3.2425; and to Y366 from Y365.50.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade weighted index 125.9 against 130.9 six months ago. Until the recent slowdown in U.S. M1 money supply, the D-mark has been at its lowest level for nearly ten years against the dollar, reflecting the large differential between U.S. and German rates. A softer trend in U.S. rates together with a rise in the West German Lombard rate have served to narrow this gap however with German rates firmer to counter excessive money supply growth.

The dollar fell sharply after Friday's surprise fall in U.S. M1 money supply. At yesterday's fixing in Frankfurt it dipped to DM 2.6565 from DM 2.6665. Sterling was firmer however at DM 3.9950 from DM 3.9900. Within the EMS the Belgian franc slipped to DM 4.97 from DM 4.9720 per BFr 100 and the French franc was lower at DM 33.19 per FFr 100 from DM 33.21.

ITALIAN LIRE — Trading range against the dollar in 1983 is 1,618.75 to 1,343. August average 1,588.87. Trade weighted index 50.4 against 51.9 six months ago. The lira has fallen to record lows against the dollar this summer but is still very comfortably placed within the EMS. This is a reflection of current D-mark weakness especially against the dollar and seasonal demand for the lira.

The lira showed mixed changes at yesterday's fixing in Milan. The dollar was lower at L1,586.8 compared with L1,593.55 on better than expected money supply figures while sterling improved to L2,387.8 from L2,382.0. Elsewhere the D-mark was slightly firmer

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.7653	+1.93	+1.26	±1.5447
Danish Krone ...	8.14104	8.16051	+0.24	−0.43	±1.6425
German D-Mark	2.24184	2.27456	+1.46	+0.79	±1.0642
French Franc ...	6.87456	6.85666	−0.26	−0.53	±1.4052
Dutch Guilder ...	2.52595	2.54390	+0.71	+0.04	±1.4964
Irish Punt	0.72569	0.725444	−0.03	−0.70	±1.6699
Italian Lira	1403.49	1358.87	−3.18	−3.18	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 12	£	$		£ Note Rates
Argentina Peso...	*17.72-17.77	11.77-11.80	Austria........	27.95-28.25
Australia Dollar..	1.6955-1.6975	1.1280-1.1286	Belgium.......	80.85-81.65
Brazil Cruzeiro...	1,026.05-1,031.27	682.0-685.0	Denmark.......	14.27-14.42
Finland Markka..	8.5475-8.5675	5.6930-5.6950	France........	11.98-12.10
Greek Drachma..	138.65-139.15	92.00-92.40	Germany.......	3.98-4.02

* Selling rates.

THE POUND SPOT AND FORWARD

Sept 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Ireland	1.2725-1.2785	1.2750-1.2760	0.18-0.22p dis	−1.88	0.57-0.64dis	−1.90
W. Ger.	3.98½-4.01	3.99½-4.00½	1½-1pf pm	3.75	4¾-3¾ pm	3.88
Portugal	185.25-186.75	185.50-186.00	175-440c dis	−19.87	510-1205dis	−18.47
Spain	226.75-227.75	226.90-227.10	235-325c dis	−14.80	950-1110dis	−18.15
Italy	2381-2390	2387-2389	14¾-16¾lire dis	−7.66	46½-49½dis	−8.04
Norway	11.10½-11.15½	11.11-11.12	3-3¾ore dis	−3.64	9¾-10¾ dis	−3.67
France	12.02-12.06	12.03-12.04	2¾-3¾c dis	−3.24	15¾-16¾dis	−5.32
Sweden	11.79-11.83	11.80½-11.81½	1½-2ore dis	−0.98	4½-5¾ dis	−1.70
Japan	364½-367	365½-366½	0.90-0.70y pm	2.62	2.60-2.40 pm	2.73
Austria	28.00-28.15	28.07-28.12	9¾-7¾gro pm	3.71	26½-21¾ pm	3.43
Switz.	3.23½-3.26½	3.24½-3.25½	1½-1¼c pm	5.53	4½-4 pm	5.23

Belgian rate is for convertible francs. Financial franc 81.15-81.25. Six-month forward dollar 0.25-0.30c dis. 12-month 0.50-0.85c dis.

THE DOLLAR SPOT AND FORWARD

Sept 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
W. Ger.	2.6495-2.6630	2.6600-2.6610	0.95-0.90pf pm	4.17	2.81-2.76 pm	4.18
Portugal	123.45-123.90	123.50-123.80	110-280c dis	−18.92	450-800dis	−20.22
Spain	150.80-151.20	151.00-151.10	170-200c dis	−14.69	600-700dis	−17.20
Italy	1586-1590	1589-1590	10-10½lire dis	−7.75	31-32 dis	−7.94
Norway	7.3920-7.4070	7.4020-7.4070	1.95-2.25ore dis	−3.41	6.00-6.30dis	−3.33
France	7.9750-8.0225	8.0100-8.0150	1.95-2.10c dis	−3.03	9.70-10dis	−4.91
Sweden	7.8520-7.8850	7.8520-7.8570	0.85-1.05ore dis	−1.45	2.50-2.70dis	−1.32
Japan	242.80-243.60	243.35-243.45	0.60-0.55y pm	2.83	1.87-1.79 pm	3.01
Austria	18.65-18.70	18.69-18.70	6.50-5.70gro pm	3.92	18.75-16.25pm	3.75
Switz.	2.1565-2.1650	2.1625-2.1635	1.02-0.97c pm	5.52	3.00-2.95 pm	5.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.02-54.07.

EXCHANGE CROSS RATES

Sept. 9	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.503	4.000	366.0	12.035	3.253	4.476	2388.	1.849	80.35
U.S. Dollar	0.666	1.	2.662	243.5	8.010	2.165	2.978	1589.	1.231	53.48
Deutschmark	0.250	0.376	1.	91.50	3.009	0.813	1.119	597.0	0.462	20.09
Japanese Yen 1,000	2.732	4.105	10.93	1000.	32.88	8.887	12.23	6525.	5.052	219.5
French Franc 10	0.831	1.248	3.324	304.1	10.	2.703	3.718	1984.	1.537	66.76
Swiss Franc	0.307	0.462	1.230	112.5	3.700	1.	1.376	734.2	0.568	24.70
Dutch Guilder	0.223	0.336	0.894	81.79	2.689	0.727	1.	533.6	0.413	17.96
Italian Lira 1,000	0.419	0.629	1.676	153.3	5.040	1.362	1.874	1000.	0.774	33.65
Canadian Dollar	0.541	0.813	2.163	197.9	6.509	1.757	2.420	1292.	1.	43.46
Belgian Franc 100	1.245	1.870	4.978	455.5	14.98	4.048	5.569	2972.	2.301	100.

FINANCIAL FUTURES

Firmer prices

Prices were marked firmer in the London International Financial Futures Exchange yesterday following a surprise set of U.S. M1 money supply figures. Market estimates were once again proved completely wrong, with predictions earlier last week of a rise of up to \$5bn, against an actual fall of \$2bn. This effectively removed any fears of an imminent tightening in U.S. credit policy.

Gilt prices opened firmer, underpinned by a sharp rise in the U.S. bond market late Friday. The December contract started at 106-25 up from 105-10 and touched a high of 107-00, just 1/16 less than limit up. Trading thereafter was confined to a narrow range with the bullish trend limited by the strength of Fed funds. The December price closed at 106-28.

Eurodollar prices were also firmer. The December contract opened at 89.95 up from 89.59 and reached a best level of 90.05 before closing at 89.93. Initial trading in U.S. centres saw prices react to firmer levels but profit taking tended to erode early gains.

Despite the fact that most contracts finished below their best levels of the day market sentiment remained bullish. It seems likely that while prices seem likely to improve, the market is currently pausing for breath.

Short sterling prices improved in early trading with movements later confined to a narrow range. Cash prices were easier where changed in reaction to a softer trend in Euro-dollar rates. This gave rise to hopes of a cut in UK clearing bank base rates, perhaps slightly sooner than previously anticipated. The December price for short sterling opened at 90.39 and touched a high of 90.43 before closing at 90.39 compared with Friday's finish of 90.15.

LONDON

THREE-MONTH EURODOLLAR
\$1m points of 100%

	Close	High	Low	Prev
Sept	90.31	90.60	90.31	90.18
Dec	89.93	90.05	89.92	89.59
March	89.64	89.74	89.61	89.31
June	89.43	89.51	89.42	89.09
Sept	89.24	—	—	88.91

Volume 3,385 (1,406).
Previous day's open int. 5,291 (5,439).

THREE-MONTH STERLING DEPOSIT

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
\$100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	72-13	72-30	72-10	71-16
Dec	71-30	72-18	71-27	70-31
March	71-13	72-00	71-12	70-15
June	71-00	71-14	70-31	70-02
Sept	70-20	71-04	70-20	69-23
Dec	70-11	70-26	70-11	69-14
March	70-03	70-12	70-03	69-06
June	69-28	70-05	69-28	68-31

MONEY MARKETS

London rates easier

UK clearing bank base lending rate 11 per cent (since July 14)

Interest rates had an easier tone in the London money market yesterday, encouraged by lower Eurodollar rates following Friday's better than expected figure on weekly U.S. M1 money supply. Three-month sterling interbank eased to 9⅝-9¾ per cent from 9 11/16-9 13/16 per cent, and 12-month to 10 1/16-10¼ per cent from 10 3/16-10⅜ per cent.

The Bank of England forecast a flat position in the market early yesterday morning, but revised this to a shortage of £50m at noon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £317m, but this was roughly balanced by Exchequer transactions of £50m, and the usual post weekend fall in the note circulation adding £280m to liquidity.

The authorities did not intervene in the market before lunch, but later gave assistance amounting to £78m. A total of £58m bank bills were purchased by way of £4m in band 1 (up to 14 days maturity) at 9 9/16 per cent; £50m in band 2 (15-33 days) at 9½ per cent; and £4m in band 3 (34-63 days) at 9 7/16 per cent. Another £20m was provided through late assistance.

In Frankfurt the Bundesbank accepted tenders of DM 6.5bn for a securities repurchase agreement at an interest rate of 5.6 per cent. The central bank invited tenders last Thursday after increasing its Lombard rate to 5.5 per cent from 5 per cent, and received bids amounting to DM 23.5bn. The new agreement replaces an expiring repurchase pact of DM 4.5bn, and takes effect today for a period of 28 days.

Call money touched 5.60 per cent in early trading, but finished unchanged at 5.525 per cent. It rose to 5.75 per cent on Friday, the day the new Lombard rate took effect.

In Amsterdam call money eased to 5 15/16 per cent from 6 1/16 per cent in calm trading despite last week's unexpected rise in the Dutch central bank discount rate.

In Tokyo credit conditions are expected to tighten around the middleof the week, pushing up the unconditional call rate from yesterday's level of 6.46875 per cent. Trading is likely to be restricted by a national holiday on Thursday however, and rates should ease back as the credit situation improves on Friday.

LONDON MONEY RATES

Sept. 12 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9¼-11	9⅝-9¾	—	—	9¾-10	9⅛-10½	—	—	—
2 days notice	—	—	9½-9⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅞-10	—	—	—	—
7 days notice	—	9½-9⅞	9⅝	—	—	—	9⅛	—	—	—
One month	9 11/16-9 9/16	9 7/16-9¾	9⅝	10-9⅝	9⅝	9⅞-10	9½	9 19/32-9 17/32	9 17/32	10 3/16
Two months	9 11/16-9 9/16	9⅝-9 11/16	9⅝	10⅛-9¾	9⅝	10	9⅜	9 15/32-9 7/16	9 17/32-9 15/32	10 1/16
Three months	9⅝-9 9/16	9⅝-9¾	9⅝	10⅛-9¾	9¾	10	9¼-9⅜	9 7/16	9 9/16	9 13/16
Six months	9⅝-9 9/16	9¾-9 13/16	9¾	9¾-9½	9 15/16	—	—	—	9 9/16-9 17/32	9 15/16
Nine months	9 13/16-9 11/16	9 15/16-10⅛	9⅞	10⅜-10⅛	10 1/16	—	—	—	—	—
One year	9¾-9 21/32	10 1/16-10¼	10	10⅜-10	10¼	—	—	—	—	—
Two years	—	—	11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 6, 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅛ per cent; four years 11½ per cent; five years 11⅜ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9 15/32-9 13/32 per cent; four months trade bills 9 23/32 per cent.

Approximate selling rate for one month Treasury bills 9 15/32-9½ per cent; two months 9⅜-9⅜ per cent and three months 9⅜ per cent. Approximate selling rate for one month bank bills 9½ per cent; two months 9⅜ per cent and three months 9¼-9 9/32 per cent; trade bills 9 23/32 per cent; two months 9 21/32 per cent and three months 9⅝ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.2934 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from September 13. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

FT LONDON INTERBANK FIXING

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 13 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.17
Algeria	Dinar	(A) 7.3010
Andorra	French Franc	12.035
	Spanish Peseta	227.00
Greenland	Danish Kroner	14.34
Grenada	E. Caribbean $	4.05
Guadaloupe	Local Franc	12.035
Guam	U.S. $	1.5025
Guatemala	Quetzal	1.5025
Peru	Sol	exc(A)2,992.63
Philippines	Philippine Peso	16.30
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3015

EUROBONDS

Rush of issues fails to occur despite fall in US money supply

BY MARGARET HUGHES IN LONDON

THERE WAS little evidence yesterday of the flood of new issues expected in the Eurodollar market following Friday's news of the fall in U.S. money supply. The only new fixed rate dollar issue was a $100m seven-year bond with an 11¾ per cent coupon priced at par for Citicorp. Lead managers are Credit Suisse First Boston, Citicorp and Merrill Lynch. The bonds are callable after four years at par.

Also launched as expected yesterday was the $250m 10-year floating rate issue for Indonesia, which on its first day was trading at around 1½ points below par.

Another warrant deal came to the market yesterday with Paribas offering 150,000 warrants to buy 10¾ per cent U.S. Treasury bonds due in 2012. Each warrant is priced at $26. The investor will be able to exercise them until June 1984 at four points above today's closing offer price for the Treasury bonds.

In the secondary market prices of fixed rate Eurobonds were marked up sharply in the early hours of yesterday's trading but after some profit-taking closed only ⅜ of a point up in mainly professional dealing.

Elsewhere Beatrice Foods is raising DM 130m through a ten-year issue led by Deutsche Bank. The bonds have a 7¾ per cent coupon and are priced at par. This is the first time that this U.S. foods company has come to the DM bond market to raise finance. Secondary market prices in this sector closed slightly up on the day after some earlier profit-taking.

In Switzerland, where most markets were closed for local holidays, Banca del Gottardo launched a SwFr 100m, 10-year public bond issue for the Council of Europe with a yield indication of 6¼ per cent.

Hungary loan sell-down 60%

ARAB BANKING Corporation has reported a 60 per cent sell-down of the commercial banks' portion of the $200m loan it is arranging for the National Bank of Hungary – the first in which the World Bank is taking a direct participation of $30m.

Despite the lack of response from major U.S. banks, the sell-down is well above the 40–50 per cent target set by the eight-strong underwriting group, comprising ABC, Algemene Bank Nederland (ABN), Bahrain Middle East Bank (BMB), Bank of Nova Scotia, IBJ International, Longterm Credit Bank of Japan, Tokai Bank and Svenska Handelsbanken.

Four other banks – Natwest, Rabobank, Postipankki of Helsinki and Union Bank of Finland have taken a management role. The eight co-managers are Amrobank, Central European International Bank, Dai-Ichi Kangyo Nederland, Fuji Bank London, Richard Daus Bankiers of Frankfurt, Sparekassen SDS Copenhagen, Sumitomo Trust and Banking London and Taiyo-Kobe London.

Twelve other banks have joined in at participant level but one or two more still had to confirm on Saturday, having been granted more time to study the $630m worth of agricultural and energy conservation projects which have been identified as viable by the World Bank.

WE regret that technical difficulties at Datastream International in London have prevented publication of the FT International Bond Service.